



March 2017 - General Updates to the Compliance Manual

Version 1.26 2017 has now been replaced with version 1.27 2017

Amendments as follows:

Help to Buy Cash ISA

The following section is being added to the Compliance Manual following the launch of the Help to Buy Cash ISA:

Section 2.12

The Help to Buy cash ISA is available to first time buyers. The main advantage of the Help to Buy ISA is that a 25% bonus on the balance of the account, which may include interest, is paid by the government between exchange and completion. There is a minimum amount that needs to be saved to qualify for this bonus. There are limitations on opening or contributing to any other cash ISA within the same tax year and also the price of the property inside and outside of London. The bonus can be beneficial to first time buyers already proceeding with a house purchase.

Whilst advice should not be given on the merits of the scheme, first time buyers should be directed to the Government Help to Buy website ISA FAQs and to their consumer factsheet.

Product Transfers

The following changes are being made to simplify product transfer requirements for existing customers:

Section 2.7.2

Product transfers are considered lower risk than re-mortgages, however it is still **essential** that affordability is evidenced. The requirement for requesting payslips and/or other proof of income is being relaxed with the onus on obtaining bank statements to show incomings and outgoings for the last 3 months, thus evidencing affordability. This only applies to straight product transfers, where the customer is **not** borrowing further monies.

Up to date ID and address verification will not be required for any product transfer case for an existing customer of the adviser who has previously been identified and address verified (and this is available on the Key).

Please note that for **any** new customer (including those for whom a product transfer is best advice) identification and address verification are **always** required.



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Off-Panel Packagers

The following wording is being added in respect of off-panel packagers:

Section 2.18

Off-panel packagers (including Positive Lending) may NOT be used without confirmation of this course of action from Broker Desk.

Guarantor Mortgages

The following wording is being added in respect of Guarantor mortgages:

Section 2.7.5

Where a guarantor is being utilised, the lender will often assess the affordability of the customer and the guarantor. The guarantor must be party to all advice discussions so that we can be confident that they understand their obligations.

We would expect to see full notes in respect of this situation on the point of sale system. It should be noted that whilst the fact find should be completed on the mortgage holders, the Reasons Why Letter must include the available paragraph in respect of the guarantor's obligations and they should be provided with their own copy.

Help to Buy Equity Loans

Now that we are starting to see cases where customers are looking to redeem Help to Buy Equity Loans, we have added some additional detail to the Compliance Manual as follow:

Section 2.12.1

Some customers may be in a position to consider repaying their Help to Buy Equity Loans due to an increase in the equity within the property. Whilst the Key does not have a specific place to record whether an existing mortgage was obtained using the Help-to-Buy scheme, notes should be made on the case to explain why all of the existing equity is not being utilised for their onward purchase.

Distance Sales

The following wording is being added in respect of distance sales in order to ensure the additional risks associated with this type of business are appropriately managed:

Section 7.3

Where customers are not seen face to face advisers should forward a copy of the fact find to them (this can be via email) for customers to check the content for any errors or omissions that may have occurred. There is no requirement for a signed version to be returned but the customer must be given opportunity to advise of any issues. This is in addition to the checks required in respect of identification and address verification.



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Updates to RWLs as a result of changes to the Compliance Manual

To address some of the changes noted above the RWL has been enhanced as follows:

Help to Buy cash ISA wording now available for inclusion in all mortgage first time buyer customer RWLs. Wording is as follows:

The Help to Buy Cash ISA is available to first time buyers. The main advantage of this is that a 25% bonus on the balance of the account is paid by the government between exchange and completion, however there is a minimum amount that needs to be saved to qualify for this bonus. For further information please visit www.gov.uk/government/publications/help-to-buy-isa-factsheet

Buy to Let Tax Specialist wording updated for all BTL RWLs. Wording now as follows:

*“Changes to tax relief on Buy to Let properties takes effect in 2017. As discussed I am unable to offer advice on your personal taxation situation and the impact this will have on your BTL property portfolio and income. I would therefore **strongly** advise that if you are unsure about any aspect of the tax situation, you should seek further advice from a tax specialist before proceeding.”*

Guarantor Mortgages wording already exists within the RWL template.