

# Adequate Explanations

## Additional Information relating to the Loan

### Your Loan Explained

By opting to pay your insurance by instalments, you are obtaining credit from us in the form of a loan agreement. By entering into the loan agreement with us, you will be agreeing to repay the insurance premium by way of monthly repayments.

We will provide you with a document which is headed "Pre Contract information". This sets out key details about your loan. It is important that you consider this document carefully and ensure you understand what is involved in entering into a loan agreement. Please let us know if you have any questions once you have considered this.

Before entering into the loan agreement to finance the insurance policy, ask yourself the following questions:

#### 1. Is this the right product for me?

Does the proposed loan meet your needs and circumstances?

The loan is being provided to finance the insurance policy premium. If you wish to pay for the insurance policy premium upfront in one payment, this loan may not be suitable for you.

Do you understand how the loan agreement will work?

- **As the interest rate is fixed, the monthly repayments will be fixed amounts.**
- **You will pay for your loan by 10 instalments.**
- **You may be asked to pay a deposit.**

#### 2. How much will it cost me?

We have already provided you with details of the number and amount of repayments you will have to pay under the loan agreement, including the interest rate applicable and the total amount you will have to pay over the duration of the agreement. **You can find this information in your Direct Debit letter which is sent to you when your policy starts.** These details will also be set out in your loan agreement under the heading "Key Financial Information".

Please consider whether you can afford to make the monthly repayments.

#### 3. What happens if I can't keep up with my repayments?

If you miss any payment, we may terminate your loan agreement after giving you any notice required by law.

If we do and you do not pay any outstanding premium for your insurance policy, your insurance policy may also be terminated.

In addition, missing payments could have severe consequences for your finances and could lead to the amount you owe us under the loan agreement increasing, as we may charge you interest on any unpaid amount from its due date until the date of actual payment, together with our costs incurred in enforcing the agreement. It may make obtaining credit more difficult in the future as we may report non-payment to credit reference agencies (which most lenders consult when assessing any borrowing application) and this will adversely affect your credit rating.

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#### **4. What debt recovery action may be taken if I stop repaying the loan?**

If you are having trouble repaying the loan, we will give you reasonable time to repay what is owed. If we cannot come to an acceptable agreement in this respect, we may commence legal proceedings against you to recover any amounts owed by obtaining a judgment (decree in Scotland) against you from the court.

#### **5. What cancellation rights do I have?**

You have a right to withdraw from the loan agreement after it has been made within 15 days from the day you receive your copy of it. If you would like to withdraw from the agreement, please call us on 0345 303 1760 or write to us at the address shown on your documents. You will need to repay the outstanding balance under the agreement within 31 calendar days from the day you give us notice that you wish to withdraw from the loan agreement. No interest will be charged if you withdraw from the loan agreement within the 15 day period. Please note: if you withdraw from your loan agreement, you will continue to be covered under your policy as long as you pay the full premium. Otherwise, your policy will also end.

#### **6. Are there any special features of the loan agreement I should pay particular attention to? Particularly anything that may impact on what I am required to pay?**

If you cancel your loan and do not pay your insurance premium by an alternative means, your related insurance policy may be cancelled and you will no longer be insured.

#### **7. Do I need more information before deciding?**

We are happy to answer any questions you may have about the loan.

Please contact us on **0345 303 1760**.

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