



***“...a firm must pay due regard to the interests of its customers and treat them fairly”***  
(FSA Principle 6 – Treating Customers Fairly)

**With Mayflower Mortgages, *Treating Customers Fairly (TCF)* is an evolving process where we continually strive to offer the best possible service to our customers. Your individual circumstances and specific needs are identified and then taken into account when we advise you about the products that are most suitable for your situation.**

***Key Facts Illustrations* are given to you and the details of the product are thoroughly explained. You are given written confirmation for the reasoning behind the recommendations that we provide.**

**Mayflower Mortgages keeps you appropriately informed of the position of your mortgage application from the point of initial lender submission to the legal completion of the mortgage.**

**Post-sale, you are kept informed about impending changes to your existing products and advice given as to the most suitable options.**



## about our services

### Mayflower Mortgages Limited

7 Old Elvet  
Durham City  
Durham  
DH1 3HL

---

#### 1. The Financial Services Authority (FSA)

---

The FSA is the independent watchdog that regulates financial services. This document is designed by the FSA to be given to consumers considering buying certain financial products. Use this information to decide if our services are right for you.

---

#### 2. Whose products do we offer?

---

##### Insurance

---

- We offer products from a range of insurers for Term Assurance, Critical Illness cover and Income Protection.
  
- We can only offer products from a limited number of insurers for Building and Contents and Payment Protection Insurance.  
Ask us for a list of the insurers we offer insurance from.
  
- We only offer products from a single insurer.

##### Mortgages

---

- We offer mortgages from the whole market.
  
  - We only offer mortgages from a limited number of lenders.
  
  - We only offer mortgages from a single lender.
-

---

### 3. Which service will we provide you with?

---

#### Insurance

- We will advise and make a recommendation for you after we have assessed your needs for Term Assurance, Critical Illness Cover & Income Protection, Payment Protection insurance and Building and Contents Cover.
- You will not receive advice or a recommendation from us for term assurance, critical illness, income protection, private medical insurance, payment protection insurance and buildings and contents.

We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

#### Mortgages

- We will advise and make a recommendation for you after we have assessed your needs
- You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

---

### 4. What will you have to pay us for our services?

---

#### Insurance

- A fee
- No fee for Term Assurance, Critical Illness cover, Income Protection, Building and Contents Insurance and Payment Protection Insurance.

You will receive a quotation which will tell you about any other fees relating to any particular insurance policy.

## Mortgages

- No fee. We will be paid by commission from the lender.
- A fee of 0.5% of the loan up front for advice and recommendation. (example – if £100,000 mortgage – fee will be £500) and we will refund to you any commission we receive from the lender.
- A combination of fee and commission :

**PURCHASE** - We will take the commission paid by the lender. However, in the event of this commission fee not equalling or exceeding £495 we will ask you to make up the difference on completion of your mortgage. For example, if your mortgage lender only pays a commission fee to us of £395 – you would be asked to pay £100.

**REMORTGAGE** - We will take the commission paid by the lender. However, in the event of this commission fee not equalling or exceeding £250 we will ask you to make up the difference on completion of your mortgage. For example, if your mortgage lender only pays a fee to us of £150 – you would be asked to pay £100.

**If you withdraw from the transaction after application, a £99 administration fee will be charged.**

You will receive a key facts illustration when considering a particular mortgage, which will tell you about any fees relating to it.

### Refund of fees

If we charge you a fee, and your mortgage does not go ahead, you will receive:

- A full refund
- A refund of £99.00 administration fee (if charged to you due to non-completion of your mortgage application) will be made if you apply for a new mortgage with Mayflower Mortgages within 12 months.
- No refund

---

## 5. Who regulates us ?

Mayflower Mortgages is an appointed representative of Sesame Limited, Oasis Park, Stanton Harcourt Road, Eynsham, Witney, Oxon OX29 4AE which is authorised and regulated by the Financial Services Authority. Sesame Limited's FSA Register number is 150427.

Sesame Limited's permitted business is advising and arranging pure protection and general insurance contracts and regulated mortgage contracts.

You can check this on the FSA's Register by visiting the FSA's website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 606 1234.

---

## 6. Ownership

---

Sesame Limited is a wholly owned subsidiary of Sesame Group Limited, which in turn is a wholly owned subsidiary of Friends Provident Distribution Holdings Limited. The ultimate holding company is Friends Provident plc.

---

## 7. What to do if you have a complaint

---

If you wish to register a complaint, please contact us:

... **in writing** Write to The Disputes Team, Sesame Limited, Independence House, Holly Bank Road, Huddersfield HD3 3HN.

... **by phone** Telephone 0845 300 5325

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

---

## 8. Are we covered by the Financial Services Compensation Scheme (FSCS)?

---

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

### Insurance

Insurance advising and arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit.

### Mortgages

Mortgage advising and arranging is covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000.

Further information about compensation scheme arrangements is available from the FSCS.

# Glossary of Mortgage Terms

*Italics denote a cross-referenced entry*

**ACCIDENT, SICKNESS AND UNEMPLOYMENT INSURANCE (ASU):** In the event of an accident, sickness or involuntary unemployment befalling a borrower, this insurance will cover their mortgage repayments. Some Lenders attach mandatory insurance cover to their most attractive rates, although this is increasingly uncommon.  
Also known as: *Mortgage Payment Protection Insurance (MPPI)*.

**ADDITIONAL SECURITY FEE:** See *Higher Lending Charge*.

**ADVERSE CREDIT:** This is an umbrella term used of applicants with poor credit history. This may include mortgage arrears, defaults, County Court Judgements (CCJs), bankruptcy, Individual Voluntary Agreements (IVAs) and house repossession. Borrowers with elements of adverse credit are offered higher rates than standard *Full Status* applicants are, usually with terms and conditions relating to the extent of their adverse credit history. Often, adverse credit mortgages are *Libor-linked* rates.

**ANNUAL PERCENTAGE RATE (APR):** The APR is a rate calculated using a generic formula applicable to all Lenders, which includes all the costs associated with a mortgage. This allows for easy comparisons to be made between the different mortgage products offered by each Lender.

**ARRANGEMENT FEE:** This fee may be charged on specific products and is either payable in advance, added to the loan or deducted from the advance on *completion*. It covers the administrative expenses incurred whilst processing an application.

**BASE RATE:** Every month the Monetary Policy Committee sets the Bank of England Base Rate, to which all mortgage rates are linked either directly, as *Tracker mortgages*, or indirectly, in all other cases.

**BOOKING FEE:** This fee may be charged on specific products and is either payable in advance, added to the loan or deducted from the advance on *completion*. It is normally payable in order to reserve funds when a product is likely to sell out quickly.

**BUILDINGS AND CONTENTS INSURANCE:** This insurance covers damage to the mortgaged property and/or its contents in a variety of specified scenarios. It is compulsory for all Lenders, and if the Lender's own insurance is not taken they will often charge an administration fee. Some Lenders attach mandatory insurance cover to their most attractive rates, although this is increasingly uncommon.

**BUY-TO-LET MORTGAGE (BTL):** This is a mortgage for property that will be let by the borrower to other tenants. When Lenders calculate how large a loan the borrower can afford to repay on BTL they do so primarily on the basis of projected rental income, rather than salary *income multiples*.

**CAPITAL AND INTEREST MORTGAGES:** With this method the monthly mortgage repayments pay off both the initial loan amount and the interest that is charged upon it. At the end of the loan term the entire debt will be repaid.

Also known as: *Repayment mortgage*.

**CAPITAL REST PERIOD:** This is the regularity with which a Lender calculates the outstanding balance on mortgages, and hence the size of monthly repayments. It is usually annually, monthly or daily. With *Capital and Interest mortgages* this can be important; an annual interest calculation means that the borrower will pay interest on capital repayments that have been made in the course of that year. In contrast a daily or monthly interest calculation means that the balance, and consequently the interest charged, will reduce with every capital repayment made.

**CAPPED RATE MORTGAGE:** This is a mortgage that is guaranteed not to rise above a specific rate (the 'cap') within a set period. Unless this is combined with another rate, such as a *Discount* or *Tracker*, the Lender's *SVR* will be charged if it is lower than the capped rate; if it rises above this ceiling the rate charged will remain at the capped level. There are often *early repayment charges* applicable if the loan is repaid within the capped period.

**CASHBACK MORTGAGE:** This is a mortgage in which the Lender refunds a sum of money, either as a percentage of the loan or a flat figure, to the borrower upon *completion*. With this type of offer the borrower will typically be tied to the Lender's *SVR* by *early repayment charges* necessitating repayment of the cashback if the loan is repaid within a set period.

**COMPLETION:** This is the moment when a transfer of property has legally taken place, after all legal documentation has been completed and funds have been transferred from the buyer's solicitor to the seller's solicitor.

**CONTENTS INSURANCE:** See *Buildings and Contents Insurance*.

**CONVEYANCING:** This is the legal process whereby ownership of a property is transferred.

**CURRENT ACCOUNT MORTGAGE:** This is a fully *Flexible mortgage* combined with a current account. Money in the current account is automatically set against the mortgage balance and interest is only charged on the outstanding amount, meaning interest payments are reduced.

**DISCOUNTED RATE MORTGAGE:** This is a variable mortgage that is discounted from a Lender's *SVR* by a set percentage within a set period. There are often *early repayment charges* applicable if the loan is repaid within the discounted period.

**DISCOUNTED TRACKER RATE MORTGAGE:** This is a variable mortgage that is discounted from the Bank of England's *Base Rate* by a set percentage within a set period. There are often *early repayment charges* applicable if the loan is repaid within the discounted

period.

**EARLY REPAYMENT CHARGE (ERC):** This is a penalty charged on traditional (i.e. non-*Flexible*) mortgages when the loan is repaid in full within a set period. Usually it applies on a *pro rata* basis when capital repayments are made outside of the agreed monthly payments. Many Early Repayment Charge periods are linked to those of offers, such as *Capped*, *Discounted* or *Fixed* rate periods. However, some mortgage rate have extended Early Repayment Charges which tie-in borrowers even while they are paying the Lender's *SVR*.

Also known as: *Early Redemption Penalty (ERP); Redemption Penalty.*

**EARLY REDEMPTION PENALTY (ERP):** See *Early Repayment Charge (ERC)*.

**ENDOWMENT:** A repayment vehicle associated with *Interest Only mortgages*.

**EXCHANGE OF CONTRACTS:** This is the stage in England, Wales and Northern Ireland that the deposit money is paid and both parties are legally bound to fulfill the agreed conditions of sale and purchase.

**EXCLUSIVE MORTGAGE:** This is a mortgage only available to intermediaries through a specific packager, in conjunction with a Lender who provides the funding.

**FIXED RATE MORTGAGE:** This is a mortgage that is charged at a fixed rate within a set period. There are often *early repayment charges* applicable if the loan is repaid within the fixed period.

**FLEXIBLE MORTGAGE:** As its name suggests, this is a type of mortgage that offers considerably more flexibility than traditional mortgages. Although specific details vary between Lenders, the core features of Flexible mortgages are:

- daily or monthly *capital rest*
- ability to make *overpayments* at any point of the loan term without an *early repayment charge*

In addition, many Flexible mortgages allow borrowers to:

- defer payment by taking payment holidays
- drawback overpayments
- drawdown further advances
- underpay without penalty (often only to the amount of any previous *overpayments*)

**FREEHOLD:** The buyer of a Freehold property owns both the property and the land it stands on indefinitely. See also *Leasehold*.

**FULL STATUS:** This term describes borrowers with a good credit history who are not *self-certifying* their income.

**GAZUMPING:** This is when a prospective purchaser has an offer for a property accepted, before another potential buyer puts in a higher offer for the same property.

**HIGHER LENDING CHARGE:** This is a premium charged by Lenders in order to indemnify themselves, and NOT the borrower, against any financial shortfall they may incur in the event of repossessing a property which must then be sold at a loss. It is applicable if the amount required is higher than a certain percentage of the property value, usually 75% *LTV*; often the Lender will pay the cost of this insurance themselves between 75% and 90% *LTV*. The charge may either be added to the loan or deducted from the advance on *completion*.

Also known as: *Additional Security Fee; Indemnity; Mortgage Indemnity Guarantee (MIG)*.

**HOMEBUYERS' REPORT:** See *Valuation Fee*.

**INCOME MULTIPLES:** These are the multiples that Lenders apply to borrowers' income in order to determine the maximum loan they will offer them.

**INDEMNITY:** See *Higher Lending Charge*.

**INDIVIDUAL SAVINGS ACCOUNT (ISA):** A repayment vehicle associated with *Interest Only mortgages*.

**INTEREST ONLY MORTGAGES:** With this method the initial loan amount remains the same throughout the term of the loan, while the monthly mortgage repayments only pay off the interest being charged on this amount. For this reason, Interest Only mortgages are tied to investment in one of a number of different repayment vehicles, which, ideally, should cover the initial loan amount at the end of the loan term. These repayment vehicles include *endowment* policies, personal *pensions*, *ISAs* etc.

**INTRODUCER FEE:** See *Procurator Fees*.

**LEASEHOLD:** The buyer of a Leasehold property owns the property for a set number of years, but doesn't own the land on which it stands. See also *Freehold*.

**LET TO BUY MORTGAGE (LTB):** This is a mortgage where the borrower's current property is let to other tenants and the rental income is used to cover the mortgage repayments on a new property, bought as the borrower's main residence. When Lenders calculate how large a loan the borrower can afford to repay on LTB they do so primarily on the basis of projected rental income, rather than salary *income multiples*.

**LIBOR-LINKED MORTGAGE:** This is a variable mortgage that is either above or below the London Inter-Bank Offered Rate by a set percentage within a set period. The Libor rate is set independently every 3 months. It is often associated with Lenders that offer loans to borrowers with elements of *adverse credit*.

**LIFE POLICY:** See *Term Assurance*.

**LOAN TO VALUE (LTV):** This is a percentage figure of the loan amount in relation to the property value. For instance a £100,000 property bought with a mortgage of £70,000

has an LTV of 70%. The higher the LTV, the higher the interest rate charged will be; above certain LTVs a *Higher Lending Charge* comes into effect.

**MORTGAGE INDEMNITY GUARANTEE (MIG):** See *Higher Lending Charge*.

**MORTGAGE PAYMENT PROTECTION INSURANCE (MPPI):** See *Accident, Sickness and Unemployment Insurance (ASU)*.

**NON-CONFORMING:** See *Adverse Credit*.

**OFFSET MORTGAGE:** This is a fully *Flexible mortgage*, which allows a borrower to keep balances (such as mortgage debt, savings account and current account) in separate accounts, but, for the purposes of interest calculation, all balances are aggregated. Money in savings or current accounts is set against the mortgage balance and interest is only charged on the outstanding amount, meaning interest payments are reduced.

**OVERPAYMENT:** This is when an unscheduled capital repayment is made or when monthly payments are increased, in order that the mortgage is repaid before the end of the mortgage term, saving considerable sums in interest. Many traditional (i.e. non-*Flexible*) mortgages include *early repayment charges* if overpayments are made within a set period. In contrast, *Flexible mortgages* allow unlimited overpayments without penalty and, increasingly, mortgages are semi-*Flexible*, allowing borrowers to overpay a certain percentage of their loan each year without incurring *early repayment charges*.

**PENSION:** A repayment vehicle associated with *Interest Only mortgages*.

**PERSONAL EQUITY PLAN (PEP):** A repayment vehicle associated with *Interest Only mortgages*.

**PORTABILITY:** A portable mortgage is one that can be transferred to another property without penalty if the borrower moves house within an *early repayment charge* period. The new interest rate that the Lender will be prepared to offer depends on whether the loan amount increases or decreases. If the latter, *early repayment charges* may apply.

**PROCURATION FEE:** This is commission paid by Lenders to intermediaries for introducing business to them. If the intermediary receives more than £250 they are obliged under the Mortgage Code to disclose to the borrower the exact amount they received.

Also known as: *Introducer Fee*.

**REDEMPTION PENALTY:** See *Early Repayment Charge (ERC)*.

**REPAYMENT MORTGAGE:** See *Capital and Interest mortgages*.

**RIGHT TO BUY (RTB):** This is when a tenant living in a council-owned property purchases it at a discount, the size of which depends on the length of their tenancy.

**SELF-BUILD:** This is a mortgage for property under construction. The loan is paid out in stages as the property is completed, in order to ensure the *LTV* does not rise too high at any point.

**SELF-CERTIFICATION MORTGAGE (S/C):** This is a mortgage where a borrower states their income and signs a confirmation of their ability to repay a loan, without having to provide evidence such as accounts, payslips or bank statements. Consequently, S/C rates are often higher than standard *Full Status* mortgages.

**SHARED OWNERSHIP:** This is a scheme operated by a Housing Association where the borrower owns part of a property, and pays the mortgage on this, while a Housing Association owns the rest of the property, and the borrower pays rent on this.

**SPLIT LOAN:** This is a mortgage that is taken partly on a *Capital and Interest* basis and partly on an *Interest Only* basis.

**STAMP DUTY:** This is a government tax charged on properties with a purchase price in excess of £175,000. Properties are charged 1% from £175,000 to £250,000, 3% from £250,000 to £500,000 and 4% above £500,000. It is not payable on remortgages.

**STANDARD VARIABLE RATE (SVR):** This is a variable rate determined entirely at each Lender's discretion. Unless linked to *Libor* or the Bank of England *Base Rate*, the SVR is the reverting rate at the end of any special offer period, such as a *Capped*, *Discounted* or *Fixed* rate.

**TERM ASSURANCE:** This insurance repays the mortgage in the event of the insured person's death.  
Also known as: *Life Policy*.

**TRACKER MORTGAGE:** This is a variable mortgage that is either above or below the Bank of England's *Base Rate* by a set percentage within a set period.

**VALUATION FEE:** Whether purchasing or remortgaging the Lender undertakes a valuation of the property to ensure it provides adequate security. The charge is borne by the borrower and increases exponentially with the valuation/purchase price. There are 3 levels of valuation: in order of increasing detail these are Basic, *Homebuyers' Report*, and Structural survey. The more detailed the valuation, the higher the fee.

# sesame



## **DATA PROTECTION ACT 1998 - USE OF YOUR PERSONAL INFORMATION**

As you may be aware, the UK is one of the most highly regulated financial centres in the world. This is to safeguard the interests of consumers and other persons purchasing and being advised about investments, insurance and other financial products and in use of their personal data. Against this backdrop, we are required to make certain regulatory and statutory declarations to you.

If instructed by you, we collect data during our initial and other meetings with you about you and your family. We will also be collecting data about you and your family from other persons. We collect the data through note-taking and filling in of questionnaires about you and your family's circumstances.

We may make checks with credit rating agencies to authenticate and verify your identity and credit status. We also make checks with Institutions with whom you have policies of insurance and investments and with your mortgage provider. These checks are to help us with our obligations at law and generally to ensure that we provide you with advice that suits your circumstances. The scope and extent of the gathering of information from third parties depends on what type of service you are taking from us.

It has been disclosed to you that we are Appointed Representatives of Sesame Limited, the largest independent distributor of financial and other insurance products in the United Kingdom. Sesame is responsible for ensuring that the sales we make to you and advice we provide to you is compliant with the regulatory regime in the United Kingdom. All of your data will therefore be passed to Sesame for regulatory and other purposes, including monitoring that its mandated sales and advice process is being followed, if you make a complaint or Sesame is requested by the FSA to undertake a review of the sale or advice. This is a reassuring process as Sesame has one of the largest and comprehensive regulatory compliance teams that monitor and ensure utmost high standards in the finance industry.

### **How is your information used?**

Primarily, we use your data and data about your family's circumstances to provide advice to you and complete transactions on your behalf. We analyse and assess your data to maintain and develop our relationships with you.

Depending on the instructions we receive from you, we may pass your data to other professional advisers to enable us to provide advice most suited to your circumstances. Usually, this would be referrals to local accountants, solicitors, tax advisers and sometimes to specialist advisers in the financial and insurance industry where we do not feel we have appropriate expertise. We,

and any third party specialist advisers to whom we introduce you, will, of course, pass your data to Institutions if you agree to purchase or amend policies and products as part of the sales and advice process.

We pass your data to Sesame so that it can monitor the sales and advice process that we are obliged to use as its Appointed Representative. This includes money laundering checks, compliance and regulatory reporting and fraud prevention. Copies of the files we create about you may be retained by Sesame so that in future it can investigate any concerns you or appropriate authorities may have about the sales and advice we give to you. Sesame also randomly selects customers who they may contact by post or telephone to check that its Appointed Representatives have acted in the best interests of customers. It is a quality assurance exercise that allows us and Sesame to ensure that we are treating you fairly as required by the FSA.

Sesame will retain your data according to the statutory requirements for regulatory products. For instance, if you are given specialist pension advice, the data will be retained indefinitely. If you want details of the statutory retention periods for various product types please contact us and we will obtain the latest legal position from Sesame on your behalf.

Your data is held in our and Sesame's offices in computer-based and paper-based filing systems.

Sesame may process your information in countries that are outside the European Economic Area, Sesame has taken appropriate steps to ensure the same level of protection for your personal information in other countries as in the European Economic Area.

We may introduce you to Institutions who process your information in countries that are outside the European Economic Area, which do not offer the same level of protection for your personal data. While the data protection laws in these countries are not equivalent to the EEA, Sesame has received assurances from those Institutions that they have taken appropriate steps to ensure adequate protection for your personal information and created equivalent rights as if your data was processed in the European Economic Area.

### **New products**

We have a wide portfolio of financial and insurance products available to us as Appointed Representatives of Sesame, we believe these are some of the best and most appropriate in the marketplace. We would also like to be able to contact you so that we can further advise you of developments of new products that might be suited to you. We also might advise you of legal developments that might make it appropriate for us, or for third parties, to give you pro-active advice about the investments, insurance and other financial products of which we are aware. We stress that your information would only be used in this way to help us to provide a pro-active service to you. As we all know, time is precious and none of us want to be bombarded with information that is simply not relevant or which we do not require. Please tick below or alternatively contact us at our usual address if you do not wish your information to be used in this way.

**Your right to a copy of your personal data**

Under the Data Protection Act you have a right, upon payment of a fee, currently £10, to obtain a copy of the personal information that Sesame holds about you. If you believe that any information held is incorrect or incomplete, you should contact us at our usual address. Any information that is found to be incorrect or incomplete will be amended promptly.

Thank you for your time and I confirm that we are at all times committed to making sure that, as you are a customer of an Appointed Representative of Sesame, you receive the best service and products available in the marketplace.

**I do not wish to receive information about the products or services of other carefully selected third parties from within the Financial Services and Insurance industry.**

Only tick the box above, sign below, date this notice and send it to us if you do not wish to receive details of third party products and services that may be of benefit to you financially.

Name: .....

Date.....

Please provide the following to aid the processing of your mortgage application.

### **ORIGINAL DOCUMENTS ONLY**

- ✓ ✓ P60
- ✓ ✓ 3 Pay Slips
- ✓ ✓ 3 Bank Statements
- ✓ ✓ Address Verification Within Last 3 Months
- ✓ ✓ Most Recent Mortgage Statement
- ✓ ✓ I.D. (Passport, Driving Licence,)
- ✓ ✓ Cheque or Card Details for Valuation Fees

Name and Address of employers

Name and Address of Landlord (only if tenant)