

SCHEDULE 2

Requirements for registered consumer buy-to-let mortgage firms

Conditions applicable to creditors and credit intermediaries

Creditworthiness assessment

Obligation to assess the creditworthiness of the borrower

10.—(1) Before concluding a consumer buy-to-let mortgage contract, the creditor must make a thorough assessment of the borrower’s creditworthiness, taking appropriate account of factors relevant to verifying the prospect of the borrower meeting the borrower’s obligations under that contract.

(2) The creditor must establish, document and maintain procedures on which it bases a creditworthiness assessment in relation to a consumer buy-to-let mortgage contract.

(3) The assessment of creditworthiness must not rely predominantly on the value of the property exceeding the amount of the credit or on the assumption that the property will increase in value unless the purpose of the consumer buy-to-let mortgage contract is to construct or renovate the property.

(4) Where a creditor concludes a consumer buy-to-let mortgage contract with a borrower the creditor must not subsequently cancel or alter the contract to the detriment of the borrower on the grounds that the assessment of creditworthiness was incorrectly conducted, unless the borrower knowingly withheld or falsified information as described in paragraph 12.

(5) The creditor must only enter into the consumer buy-to-let mortgage contract with the borrower where the result of the creditworthiness assessment indicates that the borrower is likely to meet the obligations resulting from that contract in the manner required under that contract.

(6) Where the application is rejected, the creditor must inform the borrower without delay of the rejection and, where applicable, that the decision is based on automated processing of data.

(7) Where the creditor consults a database as part of the creditworthiness assessment, the creditor must—

- (a) inform the borrower in advance that a database is to be consulted; and
- (b) where the application is rejected, and the rejection is based on the result of the database consultation, inform the borrower of the result of such consultation and of the particulars of the database consulted.

(8) Before granting any significant increase in the total sums made available under the consumer buy-to-let mortgage contract after the conclusion of that contract, the creditor must re-assess the borrower’s creditworthiness on the basis of updated information, unless such an increase was envisaged and included in the original creditworthiness assessment.