

SCHEDULE 2

Requirements for registered consumer buy-to-let mortgage firms *Conditions applicable to creditors and credit intermediaries* *Advisory services*

Standards for advisory services

13.—(1) A creditor or credit intermediary must explicitly inform the borrower, in the context of a given transaction, whether advisory services are being or can be provided to the borrower.

(2) Before the provision of advisory services or, where applicable, the conclusion of a contract for the provision of advisory services, the creditor or credit intermediary must provide the borrower with the following information on paper or another durable medium—

- (a) whether the recommendation will be based on a consideration of only the creditor's or the credit intermediary's own product range or a consideration of a wide range of products from across the market; and
- (b) where applicable, the fee payable by the borrower for the advisory services or, where the amount cannot be ascertained at the time of disclosure, the method used for its calculation.

(3) The information referred to in sub-paragraph (2) may be provided to the borrower as part of the lending illustration under paragraph 6.

(4) Where a creditor or credit intermediary provides advisory services to a borrower, the creditor or credit intermediary must—

- (a) obtain the necessary information regarding the borrower's personal and financial situation, preferences and objectives so as to enable the recommendation of suitable consumer buy-to-let mortgage contracts;
- (b) base its recommendation on information that is up-to-date and takes into account reasonable assumptions as to risks to the borrower's situation over the term of the proposed agreement, including information on the typical rental levels and rental demands within the property's locality, the impact of future interest rate rises, rental voids, and rental arrears and typical letting costs;
- (c) act in the best interests of the borrower by—
 - (i) informing itself about the borrower's needs and circumstances; and
 - (ii) recommending suitable mortgages in accordance with paragraphs (a) and (b); and
- (d) give the borrower a record on paper or another durable medium of the recommendation provided.

(5) A creditor or credit intermediary must not use the term “independent advice” or “independent advisor” in the course of providing advisory services unless—

- (a) the creditor or credit intermediary considers a sufficiently large number of [^{F1}buy-to-let mortgage contracts] available on the market; and
- (b) if the number of creditors considered is less than a majority of the market, the creditor or credit intermediary is not remunerated for those advisory services by one or more creditors.

Textual Amendments

F1 Words in Sch. 2 para. 13(5)(a) substituted (31.12.2020) by The Mortgage Credit (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/656), regs. 1(2), **8(1)(b)(2)**; 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation:

There are currently no known outstanding effects for the The Mortgage Credit Directive Order 2015, Paragraph 13.