

*We aim to support and empower a healthy and successful financial system, where firms can thrive and consumers can place their trust in transparent and open markets*

*-Financial Conduct Authority*

As we move in to the second month of 2015, much continues to happen on both the business and regulatory front within our industry and within Hyundai Capital.

In this latest bulletin I will touch on four key topics, namely:

- Sales Process
- Commission and Remuneration
- Affordability
- The Hyundai Capital FCA roadshows

### **Sales Process**

Our innovative Sales Process Application Tool (**S.P.A.**) was launched in December and I have been delighted with the comments received to date. This unique tool delivers a consistent, auditable sales process for compliance purposes, whilst also providing customers with a quality experience in your showroom. Whilst significant time and investment has already been made in the application, I am happy to announce that we continue to invest in its development based on your feedback.

As of the 6<sup>th</sup> February, standalone versions of the product descriptor videos have been made available. Through linking these videos to your own websites, clear, consistent product explanation can be provided to customers regardless as to whether they are carrying out research remotely online, or at point of sale in your showroom.

The tool itself will be further upgraded during Quarter 1, providing you with additional functionality that will be communicated via your local Business Development Manager in due course.

### **Commission and Remuneration**

Whilst many competitors continue to either drag their feet or deliver inconsistent messages with regards to commission and remuneration, Hyundai Capital launched an all new commission structure in Quarter 4 2014. This new model has already been adopted by much of the Dealer network and we remain on course to transition to it completely by the end of Quarter 1.

It is abundantly clear that the new regulator expects change, and I am confident that our new commission model meets both the demands of that changing regulatory environment, whilst also preserving your earning potential.

The new approach includes the setting of a transparent 'retail customer rate' and sees the introduction of a 'dealer performance bonus' linked to customer outcomes. Through the adoption of



this new model, which includes a monthly reporting dashboard, clear evidence can be provided to the FCA that good customer outcomes are central to the culture of your business. I would urge anyone who has not yet made the change to this new model to consider their position.

### **Affordability**

As previously advised, any organisation applying for authorisation under the FCA, will need to have in place a set of robust policies and procedures, including one that gives consideration to whether a customer is able to afford and sustain their proposed loan.

In order to assist you with this, changes will be made to the Hyundai Capital point of sale system (SOL) that will incorporate a series of short questions aimed at evidencing that due consideration is given to a customer's situation. Whilst every effort is being made to bring about these IT changes as swiftly as possible, it is likely that the system enhancements will not be live for several months. In the interim period, a manual customer confirmation sheet has been developed and can be found as an appendix to this bulletin.

Please feel free to contact your local Business Development Manager should you have any questions or queries, or if you would like to discuss how best to incorporate this within your existing sales process.

### **FCA Roadshows**

For those of you who attended one of the six Hyundai Capital FCA Roadshows run between the 27<sup>th</sup> January and 12<sup>th</sup> February, may I thank you for your participation. I hope you found the day to be informative and engaging. A full and final version of the roadshow presentation has now been uploaded to the Hyundai Capital website ([www.hyundaicapital.co.uk](http://www.hyundaicapital.co.uk)) where it can be found as a downloadable pdf. within the 'Navigating the FCA changes' section of the site.

One constant from the roadshows was excellent feedback received in respect of the session run by Nick Ross of Huntswood. For those of you wanting some independent advice, support or guidance in developing or reviewing your regulatory business plan, Nick's contact details can be found below. I am sure you will find his knowledge and expertise invaluable.



**Nick Ross** | Principal Regulatory Consultant

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And finally, a copy of the 'Guide to Developing your Regulatory Business Plan' document developed by Huntswood, is now available at no charge and can be acquired by contacting your local Business Development Manager.

Kind Regards

A handwritten signature in black ink, appearing to read "Stewart Grant".

Stewart Grant  
Managing Director  
Hyundai Capital (UK) Limited

**THE CONTENT OF THIS BULLETIN IS FOR INFORMATION ONLY AND DOES NOT CONSTITUTE LEGAL ADVICE. IF LEGAL ADVICE IS REQUIRED, BUSINESSES SHOULD CONSULT THEIR OWN LAWYERS**

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## **Appendix**

### **AFFORDABILITY NOTICE to be read BEFORE SIGNING your agreement**

As a responsible lender, we recognise that taking out a credit agreement to purchase a car is, for many, a substantial financial commitment.

It is therefore important to be certain that you are in a position to afford the repayments both now and throughout the duration of the agreement term.

Over-commitment can give rise to financial difficulties and this can have a number of undesirable consequences such as:

- default on repayments, - which can affect your credit record and future ability to obtain access to credit;
- enforcement action which, if the agreement is secured against an asset (such as the car), may mean loss of the asset;
- in the event that the credit is not secured against the car, possible court action against you for the amount owed, - which may result in bankruptcy or a charge against other assets, including your home.

Before signing the agreement, please make sure you fully understand the amount and frequency of the repayments you will be required to make (as detailed in the 'Goods and Financial Information section on the front page of the agreement, also in the Explanation document and Pre-Contract Credit Information document) and the length of the agreement, and ensure that:

- you are able to afford the repayments without undue difficulty out of income and/or savings and without having to liquidate assets, borrow more money elsewhere or suffer any adverse consequences;
- you will be able to meet the repayments in addition to all existing commitments and your normal outgoings;
- you do not anticipate any change in your financial circumstances during the term of the agreement which could adversely affect your ability to afford the repayments.

By signing the agreement you will be accepting the terms and conditions contained in the agreement, including the repayment terms and will be committed to maintaining the required repayments as scheduled.