

# Financial Promotion Guide



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Version 1.



Finance

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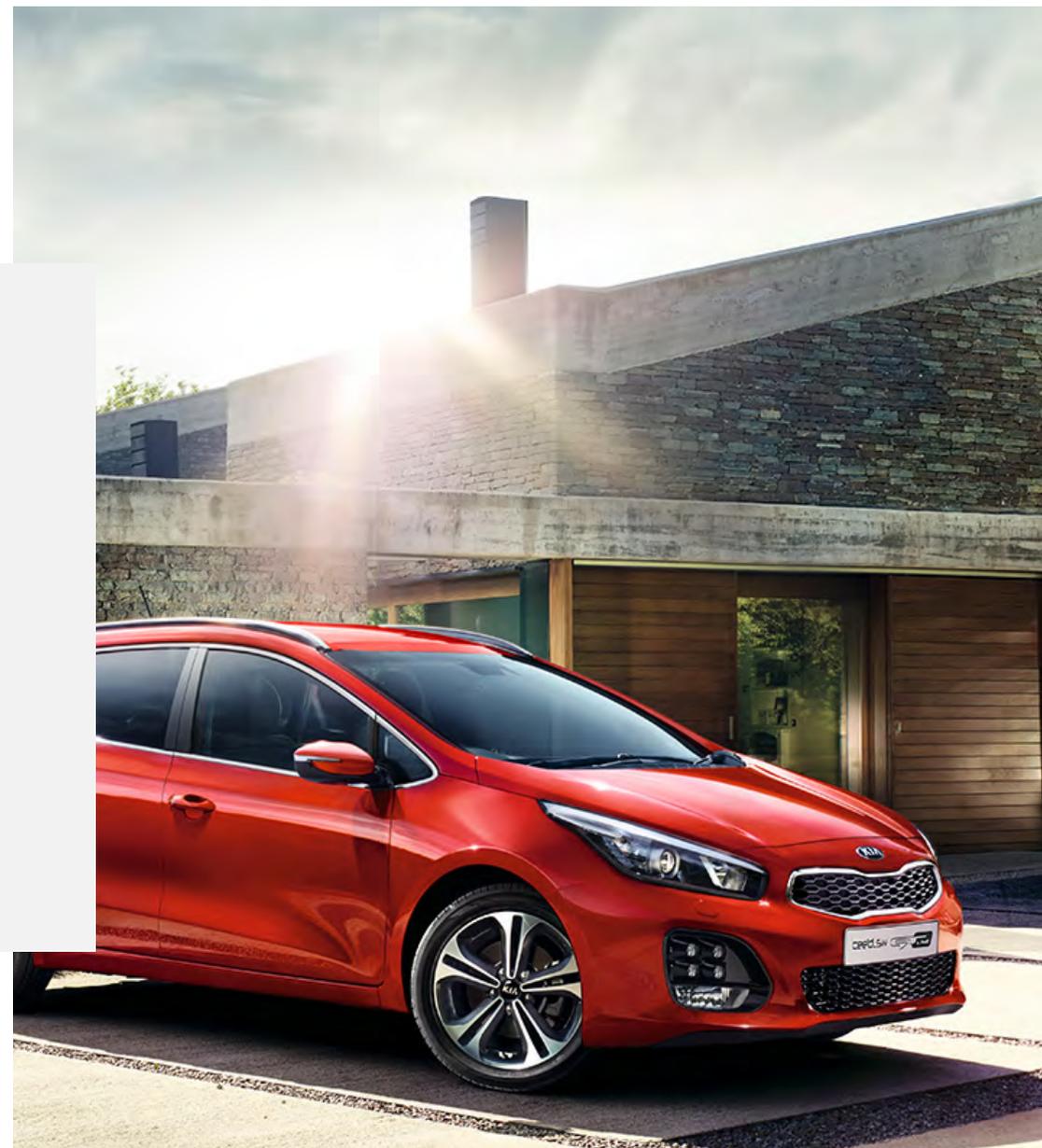
This guide has been produced by Hyundai Capital UK Limited (HCUK) for reference only as an aid to promoting Kia Finance products. HCUK does not accept any liability arising from the content of this guidance.

It is recommended that independent legal advice is sought before publishing any advertisement.

Failure to comply with the CONC and other Regulations could lead to prosecution, individual sanctions, a fine and ultimately the withdrawal of consumer credit permissions.

A full text of the Consumer Credit Sourcebook can be found at:

<https://www.handbook.fca.org.uk/handbook/CONC.pdf>



# 1 | Introduction



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# Introduction

The Financial Conduct Authority (**FCA**) is the regulator for consumer credit and consumer hire. Its remit includes financial promotions (advertising). Financial promotions for regulated credit and hire must comply with FCA rules and guidance.

The Consumer Credit Sourcebook (known as **CONC**) sets out at chapter 3 the detailed obligations for advertising. These build on and add to firms' high-level obligations, including the requirement to treat customers fairly, to pay due regard to their information needs and to communicate information to them in a way which is clear, fair and not misleading.

CONC contains rules (**R**) and guidance (**G**). References to CONC identify whether a rule or guidance is being stated, the chapter, section and sub-section, e.g. CONC 3.1.1R means that reference is to a rule in chapter 3 (Financial Promotions), Section 1 (Application) which states in the sub-section 1 that "This chapter, unless a rule in CONC 3 specifies differently, applies to a firm".

Rules create binding obligations on firms. If a firm contravenes a rule it may be subject to enforcement action by the FCA. Guidance must be followed as so long as a person acts in accordance with that guidance that will be treated by the FCA as compliance with the rule or requirement to which that guidance relates.



# General Financial Promotions Guidelines

There are situations where CONC 3 will not apply (other than requiring to be clear, fair and not misleading – see below):

In general, it will not apply to a financial promotion that consists of only one or more of the following:

- a name or trading name
- a logo
- a contact point (address, telephone number; website etc.)
- a brief, factual description of the type of product or service offered
- [CONC 3.1.7R]

Additionally, it will not apply to:

- A financial promotion in relation to a consumer hire agreement; and
- A financial promotion which expressly or by implication indicates clearly that it is promoting credit for the purpose of a customer's business. [CONC 3.1.6R]



# Clear, fair and not misleading, and other requirements

A firm must ensure that each communication and each financial promotion is clear, fair and not misleading [CONC 3.3.1R]:

The FCA draws a fine distinction between a communication and a financial promotion. For the purposes of this guidance however we shall refer only to financial promotions, the distinction not being relevant for these purposes. Each financial promotion must:

- be clearly identifiable as such
- be accurate
- be balanced and not emphasise any potential benefits of a product or service without also giving a fair and prominent indication of any relevant risks
- be sufficient for, and presented in a way that is likely to be understood by, the average member of the group to which it is directed, or by which it is likely to be received; and
- not disguise, omit, diminish or obscure important information, statements or warnings.

Where a financial promotion contains a comparison or contrast, the comparison or contrast must be presented in a fair and balanced way and be meaningful.

A firm must ensure that each financial promotion [CONC 3.3.2R]:

- uses plain and intelligible language
- is easily legible (or in the case of any information given orally, clearly audible). Note that for television and cinema financial promotions the on-screen text has specific separate requirements
- specifies the name of the person communicating the financial promotion or on whose behalf the financial promotion is made. This should include their full trading name, legal entity name (as set out in the financial services register) and postal address. This will be that of the dealer in cases where they are releasing the advert.
- in the case of a financial promotion in relation to credit broking, specifies the name of the lender (where it is known), e.g. Kia Finance RH2 9AQ



# 2 | Representative Example



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# Representative Example

If the financial promotion contains a rate of interest (this includes an APR) or an amount relating to the cost of credit, e.g. a monthly payment, a charge or the total amount payable, then the financial promotion must (a) include a representative example (full table) and (b) specify a postal address at which the person making the financial promotion may be contacted.

The requirement to include a representative example does not apply where the financial promotion relates only to credit agreements where the APR is 0%. In that case a monthly payment may be shown without a full representative example.

## The representative example must be based on the vehicle shown in the advert.

A representative example table must be headed “representative example” and include all the items listed below (each shown with equal prominence) together with a product and vehicle description:

**Monthly Payment** – need to show monthly payments including any other payments such as Optional Final Payment.

**Deposit** – customer deposit.

**Deposit Contribution** – any deposit contribution or allowance in addition to the customer deposit.

**Total Deposit** – customer and contribution combined.

**On the Road Price** – the total cash price of the vehicle shown (including metallic paint and any additional costs).

**Total Amount of Credit** – the amount of credit to be provided under the agreement.

**Total Charge for Credit** – any fees or charges included in the total charge. The nature of the charge and the amount should be stated for each charge e.g. interest/fees.

**Total Amount Payable** – the total amount the customer would pay under the agreement.

**Rate of Interest** – to be expressed as a fixed percentage, applied on an annual basis.

**Duration of the Agreement** – term of the agreement stated in months.

**Annual Mileage** – maximum permitted annual mileage under the agreement.

**Excess Mileage charge** – expressed as pence per mile.

**Representative APR** – the Representative APR displayed as XX.X% APR and accompanied by the word “Representative”.



# Example

## PICANTO 1 1.0 Petrol Manual 4 seat Personal Contract Purchase Representative Example

Finance Product	Kia Personal Contract Purchase	Interest Charges	£902.74
36 monthly payments of	£121.09	Optional Final Payment	£4,347.50
Customer Deposit	£2,201.00	Total Amount Payable	£11,907.74
Deposit Contribution	£1,000.00	Fixed Rate of Interest	2.52% p.a.
Total Deposit	£3,201.00	Duration of Agreement	37 months
On the Road Price	£11,005.00	Estimated Annual Milage	10,000
Customer Saving	£0.00	Excess Mileage	9.0p
Offer Price	£11,005.00	Representative APR	4.9% APR Representative
Amount of Credit	£7,804.00		

### Representative APR

The Representative APR is the rate at or below which the advertiser reasonably expects that credit would be provided under at least 51% of agreements entered into as a result of the financial promotion. The advertiser should be able to demonstrate how the decision was made and on what assumptions and that this was reasonable. As a result, this is a rate that should only be calculated in consultation with Kia Finance.



# When to show the Representative APR

The Representative APR must be included in any financial promotion which:

- indicates that credit is available to persons who might otherwise consider their access to credit restricted; or
- indicates that the terms are more favourable than those available from any other lender or in any other case (e.g. that rates available are lower than elsewhere or that service is better than elsewhere); or
- includes an incentive to apply for or enter into the credit agreement (e.g. a free gift, cash back, free insurance or deposit contribution.). The incentive must only be available to customers entering into credit agreements and not also available to customers paying cash.

**Note** – the above does not apply to a financial promotion for a credit agreement for which the APR is 0%.

#### In the three cases above:

- the Representative APR must be given no less prominence than any of the items triggering its inclusion (i.e. incentive, comparison or indication – see above).
- Provided the only rate shown is the Representative APR and there is no other indication of rate of interest or an amount relating to the cost of credit, there is no requirement to show a Representative Example. However, if the financial promotion contains any rate of interest or any figure relating to the cost of credit, e.g. a monthly payment and total amount payable, you must include all other specified finance information in a full representative example.



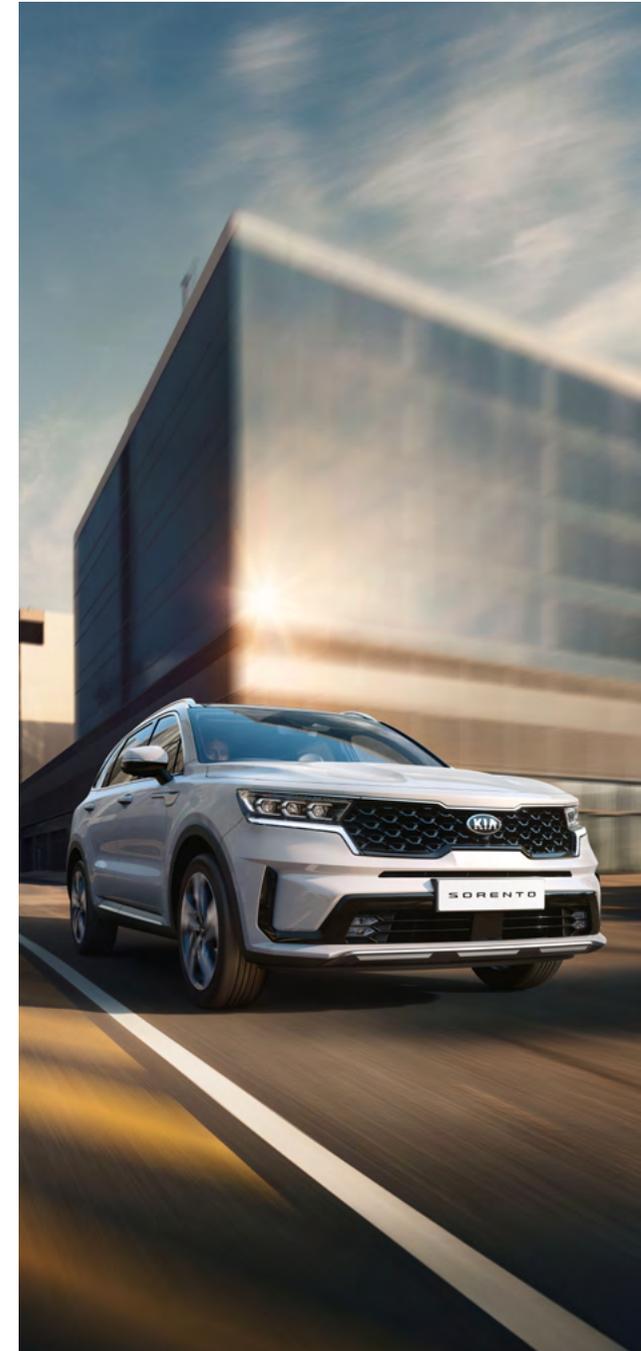
# Multiple products and Representative APR

- If more than one vehicle is included, the representative example will be the example for which it is expected at least 51% of people will enter into credit agreements as a result of the financial promotion.
- There can only be one Representative APR in a financial promotion which can make it difficult to advertise multiple products and APR's in one document/on one page.
- Displaying two or more vehicles with the same APR on one page: each offer must be compliant in its own right where one Representative APR (the same Representative APR figure may be repeated if the product and APR are the same) or representative example template must be shown.

## Displaying two or more vehicles with differing APR's on one page:

- clearly separate each offer / vehicle .
- each offer must be compliant in its own right with caveat symbols as required.
- one representative example must be shown (the inclusion of a second APR – that is not representative – triggers a Representative example). The representative example must be no less prominent than any other finance example or incentive shown.
- all other APRs that are not Representative must include a full finance table.

The exception being 0%. Where the APR is a simple 0% APR, and not representative, this will remove any prominence and incentive requirements that apply to an APR that is Representative. This means that 0% APR can be stated within a financial promotion without having to state it as being “representative” or without having to include an incentive to trigger its display.

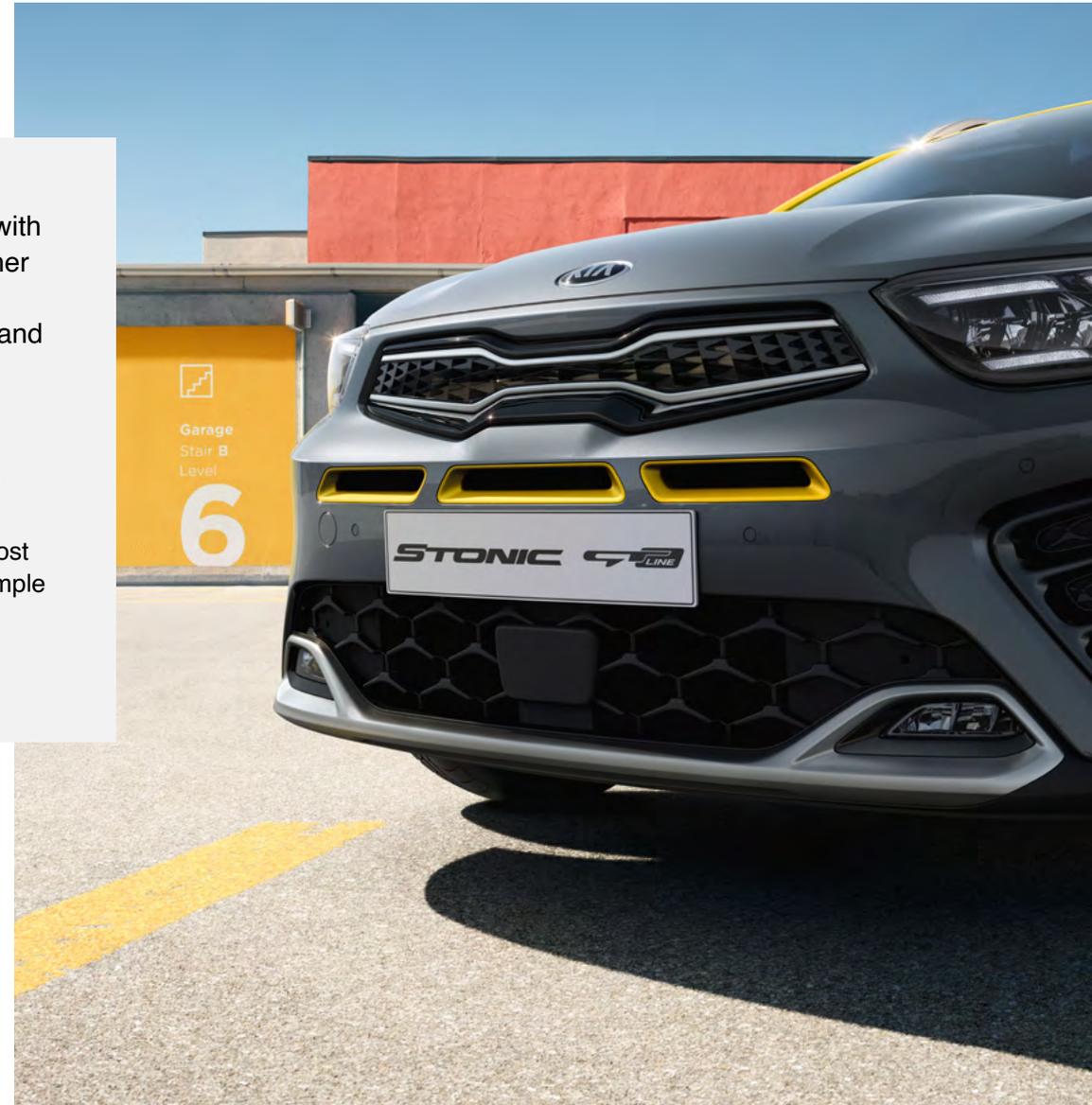


# Cherry Picking

The items in a representative example must be shown together with equal prominence and cannot be shown outside of the table, either in the headline or copy. Featuring an item outside of the table in greater prominence than the other is considered Cherry Picking and is non-compliant with FCA guidelines.

**An exception to this is that it is permissible to show an interest rate/APR outside of the table.**

Also, for finance promotions featuring 0% APR finance as there is no cost of credit, information may be shown without the full representative example within the main body of the promotion.



# Finance Terms and Conditions

Please note that the following are examples only. Each, particularly in relation to the disclosure of commission, needs to be individually tailored to the circumstances. Please refer to the Commission Disclosure Rules below.

## Finance terms and conditions must always include the following:

- **Small print** must state the finance product being promoted if the offer is available on only one product type e.g. Available on Personal Contract Purchase but not Hire Purchase.
- **Dealership** trading name and address must be shown in all adverts as the “name of advertiser”.
- **Minimum financial promotion small print must include:** T&Cs apply. Subject to status. 18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.
- **Dealer status disclosure** must be included prominently in the small print on dealer financial promotions: *Dealer legal name* [as it appears on the FCA Financial Services Register] trading as *Dealer trading name* are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction.
- **Name** of the finance provider and postcode.
- Offers eligibility, e.g. vehicle/derivative restrictions
- Length of offer – stating the finish date
- PCP clauses must be included for all PCP financial promotions where the optional final payment is stated (e.g. in a representative example or in the body copy for 0% APR financial promotions):

At the end of the agreement there are three options: (i) part exchange the vehicle, (ii) pay the Optional Final Payment to own the vehicle or (iii) return the vehicle. Further charges may be made subject to the condition or mileage of the vehicle.



# Example small print

## Example 1: Personal Motor Loan with a representative table:

Retail sales only. Subject to availability at participating dealers only on vehicles registered between 1 October and 31 December 2020.

Dealer legal name [as it appears on the FCA Financial Services Register] trading as Dealer trading name are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction. 6.9% APR representative available on Personal Motor Loan. T&Cs apply. Subject to status.18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.

## Example 2: Personal Motor Loan without a representative table (0% deals):

Retail sales only. Subject to availability at participating dealers only on vehicles registered between 1 October and 31 December 2020.

Dealer legal name [as it appears on the FCA Financial Services Register] trading as Dealer trading name are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction. T&Cs apply. Subject to status.18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.

## Example 3: PCP contracts with Optional Final Payment shown in representative table:

Retail sales only. Subject to availability at participating dealers only on vehicles registered between 1 October and 31 December 2020.

Dealer legal name [as it appears on the FCA Financial Services Register] trading as Dealer trading name are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction. At the end of the agreement there are 3 options: (i) part exchange the vehicle, (ii) pay the Optional Final Payment to own the vehicle or (iii) return the vehicle. Further charges may be made subject to the condition or mileage of the vehicle. T&Cs apply. Subject to status.18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.

## Example 4: PCP contracts with Optional Final Payment shown in body copy, with no representative table (0% deals):

Retail sales only. Subject to availability at participating dealers only on vehicles registered between 1 October and 31 December 2020.

Dealer legal name [as it appears on the FCA Financial Services Register] trading as Dealer trading name are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction. At the end of the agreement there are 3 options: (i) part exchange the vehicle, (ii) pay the Optional Final Payment to own the vehicle or (iii) return the vehicle. Further charges may be made subject to the condition or mileage of the vehicle. T&Cs apply. Subject to status.18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.

## Example 5: Contracts where the Monthly Payment or Optional Final payment is not shown:

Retail sales only. Subject to availability at participating dealers only on vehicles registered between 1 October and 31 December 2020.

Dealer legal name [as it appears on the FCA Financial Services Register] trading as Dealer trading name are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction. T&Cs apply. Subject to status.18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.



# Finance promotions on the internet/email

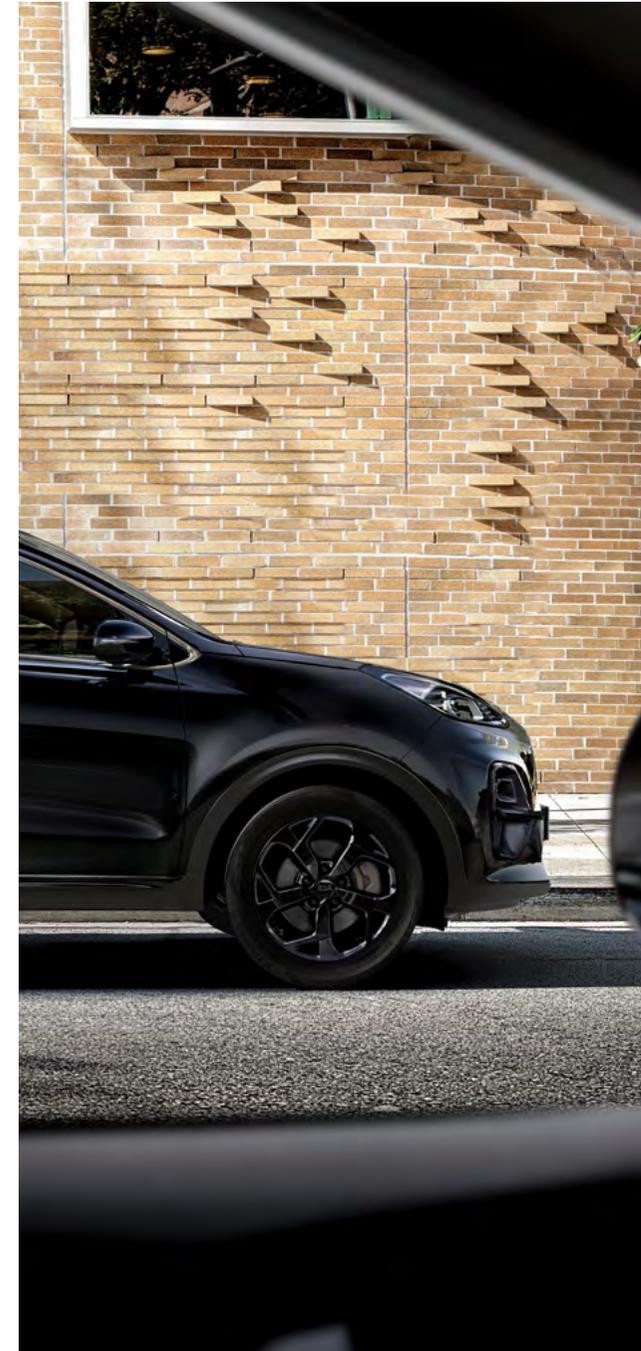
- A financial promotion on the internet is treated in the same way as any other type of financial promotion and must comply with these guidelines on a stand-alone basis.
- Where a full finance table is included, all the financial information must be shown together and with equal prominence, with the Representative APR being the same size as these items, but with the representative example having at least equal prominence to any other piece of financial information or incentive on the advert.
- Each financial promotion will need to satisfy the requirements on a stand-alone basis. If the financial information is split and a “click-through” to another page is used to view the rest of the required information, this would be a breach of regulations.

As a minimum, the following small print must be included on internet financial promotions [Note that this is an example only. Care must be taken, particularly in relation to the disclosure of commission, to tailor to the circumstances. Please refer to the Commission Disclosure Rules below.]

Dealer legal name [as it appears on the FCA Financial Services Register] trading as Dealer trading name are a broker (not a lender) for the purposes of this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction. T&Cs apply. Subject to status. 18s or over. Guarantee may be required. Kia Finance, RH2 9AQ.

Sometimes, depending on the configuration of the screen, it may be necessary to scroll down to see all of the information. However,

- all the information must still be shown together as a whole;
- minimum finance small print must be included as shown above;
- you must not deliberately make it difficult for a user to see all other necessary information
- try and avoid the need to scroll where possible.



# Contract Hire

The Financial Promotion requirements do not apply in the same way to Hire products, however must ensure that customers are presented with an offer that is “clear, fair and not misleading” by adhering to the following rules.



# Personal Contract Hire

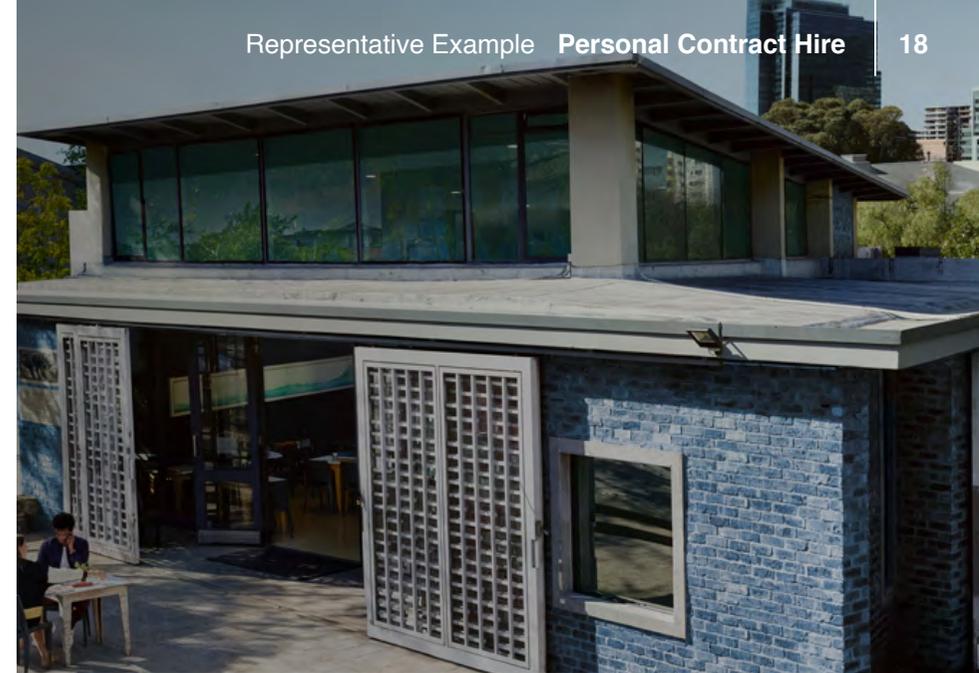
Unlike other types of finance agreement, PCH offers do not require a full finance table. When promoting a PCH offer the advert should feature the following as a minimum:

## Body Copy:

- Vehicle image to match the offer shown
- Finance product name
- Monthly rental including VAT
- Initial rental including VAT

## Small Print:

- Start and end date of offer
- T&Cs apply
- Contract duration
- Contractual mileage
- Excess mileage charge
- Fair wear and tear charges
- You will not own the vehicle – this must be a clear and unambiguous statement
- Subject to Status
- 18 or over
- Guarantee may be required
- Kia Finance RH2 9AQ
- Dealer disclosure statement



**Small print example** *[Note that this is an example only. Care must be taken, particularly in relation to the disclosure of commission, to tailor to the circumstances. Please refer to the Commission Disclosure Rules below.]*

T&Cs apply. Subject to availability at participating dealers on vehicle orders received between 1 December 2018 and 31 December 2018. Figures based on a non-maintenance contract hire package with six advance rentals followed by 35 monthly rentals. 10,000 contract miles per year. Excess mileage of [●] pence per mile if you go over the contracted mileage. Fair wear and tear charges may apply. You will not own the vehicle. Subject to status. Guarantee may be required. 18s and over. Kia Finance RH2 9AQ.

Dealer legal entity name [as it appears on the FCA Financial Services Register], trading as xxxxx Kia is a credit broker not a lender for this financial promotion. We can introduce you to a limited number of carefully selected finance providers and may receive a commission from them for the introduction.



# Business Contract Hire

Business adverts should be positioned as a business proposition, either through the medium (trade magazines) or the graphics/headlines. When promoting a BCH offer the advert should feature the following as a minimum:

## Body Copy:

- Vehicle image to match the offer shown
- Finance product name
- Monthly rental

## Small Print:

- Business users only
- Start and end date of offer
- Initial rental exclusive of VAT
- T&Cs apply
- You will not own the vehicle – this must be a clear and unambiguous statement
- Subject to Status
- 18 or over
- Subject to Status
- 18 or over
- Guarantee may be required
- Kia Finance RH2 9AQ



## Small print example

Business users only. T&Cs apply. Subject to availability at participating dealers on vehicle orders received between 01.12.18 and 31.12.18. Figures based on 6 advance rentals followed by 35 monthly rentals. You will not own the vehicle. Subject to status. Guarantee may be required. 18s and over. Kia Finance RH2 9AQ.



# Motability

The Motability scheme is an all-inclusive package that allows an eligible customer to use their mobility allowance to lease a vehicle. It is good practice to include the following information:

- Vehicle image to match the offer shown
- Advance Payment (or Nil Advance Payment)
- Monthly rental

As with other forms of Contract Hire, you should ensure that the offer is “clear, fair and not misleading”. Featuring an image of a trim level that requires an advance payment but including body copy that states “Range available from Nil Advance” would be considered misleading.



# 3 | Commission Disclosure Rules



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# Commission Disclosure Rules

## Conc 4.5.3

To comply with FCA commission disclosure rules HCUK are informing customers of the types of commission models applicable to their HCUK agreement within the pre-contract information. These disclosures are only applicable to HCUK agreements.

As a Credit Broker we advise that you seek your own legal advice and refer to the FLA Guidance on Commission Models and Disclosure to ensure compliance with FCA CONC:

A credit broker must disclose to a customer in good time before a credit agreement or consumer hire agreement is entered into, the existence of any commission or fee or other remuneration payable to the credit broker by the lender or owner or third party in relation to a credit agreement or a consumer hire agreement, where knowledge of the existence or amount of the commission could actually or potentially:

- Affect the impartiality of the credit broker in recommending a particular product;
- Have a material impact on the customer's transactional decision.

Where a broker has arrangements with more than one finance provider, they will need to review how they will comply with CONC 4.5.3 (above) and CONC 3.7.2AG (2).





Finance