

Getting a mortgage?

How **keyfacts**TM can help you



FSA[®]
Financial Services
Authority

This information is provided by the Financial Services Authority (FSA) – the independent watchdog set up by government to regulate financial services and protect your rights. The FSA regulates most mortgage sales from 31 October 2004. This leaflet tells you about a new document you will be getting from mortgage lenders and brokers about their services.

What will you get?

When you contact a mortgage lender or broker they will give you a document that will set out the **keyfacts** about the service they are offering you. You will recognise it by this sign **keyfacts**TM and the words 'about our mortgage services'.

This document, also called the 'initial disclosure document' (IDD), will help you understand the service the lender or broker is giving you.

- **Look out for it.**
- **Read it and make sure you understand it.**
- **Ask questions about anything that's unclear to you.**
- **Use the information to help you choose between firms and services.**

The document will give you **keyfacts** about the firm in the following numbered sections:

1. The firm has to tell you that the FSA regulates financial services.
2. Whose mortgages the firm offers.
3. Which service the firm will provide.
4. What you have to pay for the service.
5. Whether the firm will refund a fee in any circumstances.

Sections 2, 3 and 4 are detailed below. Each section explains what is being offered, and will help you choose which firm to deal with and which service you want. The firm will tick the box next to the service it is offering you.

2. Whose mortgages do we offer?

- 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.

If you are dealing directly with a lender, it usually sells its own mortgages only.

If you want information or advice on a wider range of mortgages, choose a firm that offers a 'whole market' service or mortgages from a limited number of lenders.

3. Which service will we provide you with?

- 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.

With an 'advice' service, the firm is responsible for making sure that any mortgage it recommends is:

- affordable;
- appropriate to your needs and circumstances; and
- the most suitable from the products available from the firm.

Most, but not all, lenders or brokers will offer advice. Some will only give you advice if you ask for it, so check this out before booking an appointment.

The information the lender or broker gives you will help you choose your mortgage. If they don't offer the mortgage range or service you want, try another firm.

4. What will you have to pay us for this service?

- No fee.
- A fee of £X payable when you apply for a mortgage. You will receive a **keyfacts illustration** when considering a particular mortgage which will tell you about any fees relating to it.

This tells you whether you have to pay the firm to give you advice or arrange the mortgage for you. It won't tell you how much the mortgage will cost you.

The firm will also tell you here if it will receive commission from the lender.

Section 5 tells you in what circumstances you can get back all or part of an upfront fee.

Other information you will get

Mortgage lenders and brokers must also tell you:

- that they're regulated by the FSA and what business they're permitted to do;
- what to do if you have a complaint; and
- whether they're covered by the Financial Services Compensation Scheme.

November 2004

These items don't have to appear in the **keyfacts** IDD document, so you might be given them separately. But the firm must give you this information before you apply for a mortgage.

For more information about mortgages and help in choosing a mortgage that's right for you, see the **FSA pack Choosing a mortgage – taking the right steps**. Copies are available free from our Consumer website or our Consumer leafletline – see below.

Buying with advice

Only firms authorised by the FSA or their agents are allowed to give advice about mortgages and they have to follow our rules when they deal with you. If you buy with advice, the adviser must recommend the most suitable mortgage for you.

If the product or service is unsuitable, you can complain to the firm that advised you.

Buying without advice

You don't have to get advice before you take out a mortgage and firms that sell mortgages without advice still have to follow our rules. If you don't take advice, and the mortgage you choose turns out to be unsuitable, you will have less grounds for complaint.

Keyfacts illustration

You'll get a **keyfacts illustration (KFI)** when a mortgage lender or broker gives you personalised information about a specific mortgage. The KFI will summarise the costs and important features of the mortgage. You will recognise it by the **keyfacts** sign followed by the words '**about this mortgage**'.

You can use the KFI to compare mortgages from different lenders.

Make sure you read the **keyfacts** documents.

