

MORTGAGE CREDIT DIRECTIVE

General information for regulated contracts

INFORMATION ABOUT M&S BANK RESIDENTIAL MORTGAGES

This document contains general information we are required to make available in relation to regulated mortgage contracts.

1. ADDRESS

Marks & Spencer Financial Services plc, trading as M&S Bank. M&S Bank, Kings Meadow, Chester, CH99 9FB.

2. PURPOSE OF CREDIT

Mortgages offered by M&S Bank can be used for the purchase or re-mortgage of UK domestic residential property.

3. SECURITY

Mortgages offered by M&S Bank must be secured by a first legal charge or mortgage on a UK domestic residential property. If the property is in Scotland, the mortgage will be secured by a first ranking standard security on that property.

4. DURATION

M&S Bank offer mortgages over terms of between 5 and 30 years. Where a mortgage is in separate loan parts, a different mortgage term may apply to each part.

5. AVAILABLE INTEREST RATES

M&S Bank offer the following types of interest rate:

Fixed

A fixed rate mortgage provides the comfort of fixed mortgage payments until an agreed date, no matter what happens to interest rates.

- Repayments: these are fixed for the duration of the fixed term, and because the interest rate doesn't vary, monthly payments will remain the same regardless of what happens to interest rates.
- At the end of any fixed rate period you will automatically move onto the M&S Bank Standard Variable Rate. You can choose to stay on this rate, or could apply for a new fixed, discount or tracker mortgage available at that time.
- Early repayment charge: An early repayment charge (ERC) may apply to fixed rate mortgage products. As long as you do not exceed your annual overpayment allowance during a year when the ERC applies, you can make as many overpayments as you like within that year either by increasing your monthly mortgage payments or making lump sum payments. If you exceed your annual overpayment allowance, the ERC will be charged on the amount you have repaid over the allowance.

Trackers

With our tracker rate mortgages, the interest rate is set at an agreed percentage above the Bank of England base rate. The interest rate will therefore rise and fall in line with changes to the Bank of England base rate.

However, the interest rate payable will not fall below 0%. This means that, no matter how far the Bank of England base rate may be reduced, the interest rate for our tracker rate mortgages will never be a negative figure.

- At the end of the tracker rate period, your mortgage rate will automatically change to our M&S Bank Standard Variable Rate unless you switch to another interest rate.
- The interest rate you pay will be a variable rate which will be an agreed percentage above the Bank of England base rate. As the Bank of England's base rate rises or falls, the interest rate you pay will also rise and fall accordingly, which will affect your monthly payments.
- You are able to make unlimited overpayments to a tracker rate mortgage whenever you choose without any early repayment charge.

Standard variable rate

At the end of the fixed or tracker rate period, your mortgage rate will automatically change to our standard variable rate unless you switch to another interest rate. This is a variable rate that will vary over the term of the mortgage. The rate is set internally by M&S Bank and as such it does not track the Bank of England base rate or any other rate.

6. ADDITIONAL COSTS ASSOCIATED WITH YOUR MORTGAGE

Conveyancing fees which a solicitor/licenced conveyancer may charge in respect of conveyancing work carried out on your behalf may not be included in the total cost of credit.

7. REPAYMENT OPTIONS

You are usually required to make 12 monthly payments each year, starting on the month following the month in which the mortgage loan is first made. These monthly payments are calculated to be of equal amounts, with the exception of the first monthly payment which is usually higher than the rest of the monthly payments. This is because it includes interest charges from the day M&S Bank issue the loan money to the end of the month, plus the first full monthly payment.

M&S Bank will only accept mortgage applications on a full capital and interest repayment basis.

Capital and interest repayment

You must make monthly payments until the end of the mortgage term (when any sums outstanding under the mortgage must be repaid). The monthly payments are made of a portion of the capital amount borrowed as well as the interest charged for the month on the mortgage. This means that the outstanding balance is reduced each month in line with the mortgage term selected so that the mortgage is fully paid off at the end of the mortgage term if you make all the payments required and on time.

8. PROPERTY VALUATIONS

M&S Bank may require a valuation on the property that is being offered as security.

Where a valuation on the property is required, M&S Bank will instruct its valuers to carry this out and a valuation fee may be payable. This fee is non-refundable and payable by you to the valuation company when the valuation appointment is requested.

The valuation is solely for the purpose of arriving at a current market value to enable M&S Bank to determine the amount of the mortgage. You should not rely on it to assess the suitability or saleability of the property. Where appropriate you may also have the option to request a more detailed survey of the property.

9. ANCILLARY SERVICES

As a condition to obtaining a mortgage, M&S Bank requires that buildings insurance, covering at least the amount referred to in the regulated mortgage contract, is in place from first drawdown (or from when risk is assumed, if this is earlier). This insurance must be maintained for the duration of the loan. Buildings insurance does not have to be taken out through M&S Bank.

Consequences of non-compliance

If the terms and conditions of the mortgage are not complied with (including making required monthly payments in full and on time):

- the total cost of borrowing could increase
- M&S Bank may seek possession of the property and sell it to recover what is owed to them
- M&S Bank may ask for additional security
- Your credit record could be affected in a way that makes it more difficult or expensive to obtain credit
- You may have to pay M&S Bank's legal costs.

Your home may be repossessed if you do not keep up with repayments on your mortgage.

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