

Annex 1R: Initial disclosure document

This Annex belongs to *MCOB* 4.4.1R(1) and *MCOB* 4.10.2R.

Firms must omit the notes and square brackets that appear in the following IDD. The IDD must contain the 'key facts' logo, headings and text in the order shown and in accordance with the Notes.[**Note 1**]



about our [mortgage/Islamic
home purchase plan]
services [**Note 1A**] [**Note 2**]



Financial Services

[**Note 5**]
[123 Any Street
Some Town
ST21 7QB]

[**Note 3**] [**Note 4**]

1. The Financial Conduct Authority (FCA)

The FCA is the independent watchdog that regulates financial services. It requires us to give you this document. Use this information to decide if our services are right for you.

1A. Compliance with Islamic law [**Note 5A**]

Our services are regularly checked by [names(s) of scholar(s)] to ensure compliance with Islamic law. Ask us if you want further information about the role of our scholar(s).]

2. Whose [mortgages/Islamic home purchase plans] do we offer? [**Note 6**] [**Note 7**]

- We offer [mortgages/Islamic home purchase plans] from the whole market.
- We [can] [**Note 8**] only offer [mortgages/Islamic home purchase plans] from a limited number of [lenders/providers].
- Ask us for a list of [lenders/providers] we offer [mortgage/Islamic home purchase plans] from . [**Note 9**]
- We [can] [**Note 8**] only offer [a limited range of the] [a] [mortgage[s]/Islamic home purchase plan[s]] from [a single lender/provider] [name of single lender/provider]. [**Note 10**]
- [or]
We only offer our own [mortgages/Islamic home purchase plans]. [**Note 11**]

3. Which service will we provide you with? [Note 6]

- 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.

4. What will you have to pay us for this service? [Note 6]

- No fee. [We will be paid by commission from the lender/provider.][Note 12]
- A fee [of £ [] payable at the outset and £ [] payable when you apply for a/an mortgage/Islamic home purchase plan]. [We will also be paid commission from the lender/provider.] [Note 12] [Note 13]

You will receive a key facts illustration when considering a particular mortgage which will tell you about any fees relating to it. [Note 13A]

5. Refund of fees [Note 14] [Note 15]

If we charge you a fee, and your [mortgage/Islamic home purchase plan] does not go ahead, you will receive:

- A full refund [if the lender/provider rejects your application]. [Note 16]
- A refund of £ [] [if the purchase falls through]. [Note 16] [Note 17]
- No refund [if you decide not to take out a [mortgage/Islamic home purchase plan]]. [Note 16]

6. Who regulates us? [Note 18]

[XYZ Financial Services] [123 Any Street, Some Town, ST21 7QB] [Note 19] [Note 19A] is authorised [Note 20] and regulated by [] [Note 20]. Our Financial Services Register number is [].

Our permitted business is []. [Note 21]

[or] [Note 19B]

[Name of *appointed representative*] [Notes 3 and 4] is an appointed representative of [name of *firm*] [address of *firm*] [Note 19] [Note 19A] which is authorised and regulated by [] [Note 20]. [Name of *firm's*] Financial Services Register number is [].

[Name of *firm's*] permitted business is [] [Note 21]

You can check this on the Financial Services Register by visiting the FCA's website <http://www.fsa.gov.uk/register/home.do> or by contacting the FCA on 0800 111 6768.

7. What to do if you have a complaint [Note 18]

If you wish to register a complaint, please contact us:

...in writing Write to [XYZ Financial Services], [Complaints Department, 123 Any Street, Some Town, ST21 7QB]. [Note 22]

... by phone Telephone [0121 100 1234]. [Note 22]

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service. [Note 22A]

8. Are we covered by the Financial Services Compensation Scheme (FSCS)? [Note 18] [Note 23] [Note 24]

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

[Mortgage/Home purchase plan] advising and arranging is covered up to a maximum limit of £50,000.

Further information about compensation scheme arrangements is available from the FSCS.

Think carefully about the product and services you need. [We can only offer services in relation to Islamic home purchase plans and cannot provide advice on standard mortgages.] [If you want [information] [or] [advice] standard mortgages, please ask.]

[Note 25]

The following notes do not form part of the IDD.

Section 1

Note 1 – subject to this, a *firm* may use its own house style and brand.

Note 1A –insert the appropriate description using the words in square brackets based on the *firm's* scope of service. A *firm's* scope of service cannot combine *regulated mortgage activities* and *home purchase activities* in the same IDD. A *firm* that carries on *home purchase activities* may omit the word "Islamic" from "Islamic home purchase plan(s)" provided that it does so consistently throughout the document. However, a *firm* may omit the word "Islamic" in sections 6 and 8 without having to omit it throughout the document. A *firm* that wishes to hold itself, its products or services out as compliant with religious or philosophical beliefs other than Islamic law in the IDD may make appropriate amendments to references to 'Islamic' and 'Islamic law'

Note 2 – the *Financial Conduct Authority* has developed a common 'keyfacts' logo to be used on significant pieces of information directed to *customers*. The 'keyfacts' logo and the text "about our [mortgage/Islamic home purchase plan] services" must be used and positioned as shown in the IDD. The logo may be re-sized, but it must be reasonably prominent and its proportions must not be distorted. When reproducing the logo, *firms* may use colour providing this does not diminish the prominence of the logo.

Note 3 – insert the *firm's* or *appointed representative's* name (either the name under which it is *authorised* or the name under which it trades). A corporate logo or logos may be included.

Note 4 – if the IDD is provided by an *appointed representative*, insert the name of the *appointed representative*. (If an individual who is employed or engaged by an *appointed representative* provides the information, the individual should not put his or her own name on the IDD.)

Note 5 – insert the head office or if more appropriate the principal place of business from which the *firm* or *appointed representative* expects to conduct business with *customers*. (An *appointed representative* must not include the name and address of the *authorised firm* instead of its own.)

Section 1A: Compliance with Islamic law

Note 5A – Section 1A is optional unless the *firm* holds itself, its products or services out as compliant with Islamic law in the IDD. If a *firm* includes Section 1A then it must describe the section on the IDD as section 2 and renumber subsequent sections accordingly.

A *firm* that wishes to hold itself, its products or services out as compliant with religious or philosophical beliefs other than Islamic law in the IDD may also use Section 1A in accordance with this note and modify the wording in the section to the extent appropriate.

Section 2: Whose [mortgages/Islamic home purchase plans] do we offer?

Note 6 – *firms* must select, for example by ticking, one box which is appropriate for the service which it expects to provide to the *customer*.

Note 7 - if the IDD is provided by an *appointed representative*, the service described must be that offered by the *appointed representative*, in accordance with MCOB 4.3.10R.

Note 8 – insert “can” if the *firm’s* range of *regulated mortgage contracts or home purchase plans* is determined by any contractual obligation.

Note 9 – this sentence is required only where a firm selects this service option. It may also be omitted if a *firm* chooses to list all of the lenders or providers it offers *home finance transactions* from instead of the text "a limited number of [lenders/providers]", in the previous line, so long as the *firm* offers all of the mortgages *or home purchase plans* generally available from each lender or provider.

Note 10 – if the *firm* selects this box, it must insert the name of the lender or provider. If the *firm* does not select this box, it must insert the words "a single lender/provider" instead. If the *firm* does not offer all of the mortgages *or home purchase plans* generally available from that lender or provider, it must insert the words "a limited range of", as shown. If the lender or provider only has one relevant product, the *firm* should amend the text to "We can only offer a [mortgage/home purchase plan] from [name of single lender/provider]."

Note 11 – if the *firm* is a provider or lender offering only its own *home finance transactions*, or is part of a provider or lender offering only the *home finance transactions* sold under that part's trading name, it may use this alternative text.

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

Note 12 – if the *firm* receives commission instead of, or in addition to, *fees* from the *customer*, it must insert a plain language explanation of this case (see specimen for a plain language example). If the *firm* will pay over to the *customer* any commission the *firm* receives, it may refer to the fact here.

Note 13 – insert a plain language description of when any *fees* are payable. This description could include, for example, a cash amount, a percentage of the loan amount or the amount per hour, as appropriate. However, where a cash amount is not disclosed, one or more examples of the cash amount must be included. If the *firm* offers more than one pricing option, it may illustrate each with a separate box. If a *firm* does not charge a *fee*, the text for the second box should be abbreviated to 'A fee'.

Note 13A – A *firm* must not include this paragraph if the services to which the IDD relates are *home purchase activities*.

Section 5: Refund of fees

Note 14 – if, in section 4, it has been indicated that there will be 'No fee' or that any *fee* will be payable only if the transaction completes, section 5 may be omitted altogether, and the following sections re-numbered accordingly.

Note 15 – firms must select as many boxes as are appropriate.

Note 16 – insert a short, plain language description of the circumstances in which the *fee* is refundable or not refundable as described.

Note 17 – the *firm* may delete this line if it does not offer a partial refund in any circumstances

Section 6: Who regulates us?

Note 18 – A *firm* may choose not to include these sections if it provides the *customer* with the information required by them in some other *durable medium* before the *customer* makes an application for a *home finance transaction*. If this section is omitted, the other sections of the IDD must be renumbered accordingly.

Note 19 – where the *authorised firm* trades under a different name from that under which it is *authorised*, it must include the name under which it is *authorised* and listed on the *FSA* register. It may also include its trading name if it wishes.

Note 19A – if the *firm's* address on the *Financial Services Register* differs from that given on the IDD under **Note 5**, the address on the *Financial Services Register* must be given in this section. If the address is the same as that given under **Note 5**, it should be repeated in this section.

Note 19B – where the information is provided by an *appointed representative*, the *appointed representative* must use this text instead.

Note 20 – a *UK domestic firm* (or an *overseas firm*) will need to use the appropriate wording to describe its regulator(s) as set out in *GEN 4 Annex 1R* (firms that are not *PRA-authorized persons*) or *GEN 4 Annex 1AR (PRA-authorized persons)*. An *appointed representative* will also need to use the appropriate wording for appointed representatives as set out in *GEN 4 Annex 1R* (firms that are not *PRA-authorized persons*) or *GEN 4 Annex 1AR (PRA-authorized persons)*. An *EEA incoming firm* will also need to modify this section if it chooses to use this initial disclosure document (see *GEN 4 Annex 1R(2)* or (3), or *GEN 4 Annex 1AR (3)* or (4)). A *tied agent* that is regulated in an *EEA State* other than the *United Kingdom* will similarly need to modify this section.

Note 21 – insert a plain language description of the business for which the *firm* has *permission* in relation to either *regulated mortgage contracts* or *home purchase plans*, as relevant to the scope of service described.

Section 7: What to do if you have a complaint

Note 22 - if different to the address in **Note 5**, give the address and telephone number which is to be used by *customers* wishing to complain.

Note 22A – if the IDD is provided by an *authorised professional firm* which is exclusively carrying on *non-mainstream regulated activities*, the *authorised professional firm* should delete this sentence and refer to the alternative complaints handling arrangements.

Section 8: Are we covered by the Financial Services Compensation Scheme (FSCS)?

Note 23 – when an *incoming EEA firm* provides the IDD, it must modify this section as appropriate.

Note 24 - when a *firm* which is not a *participant firm* provides the IDD, it must answer this question 'No' and should state the amount of cover provided (if any) and from whom further information about the compensation arrangements may be obtained.

Note 25 – a *firm* must only include this paragraph if the services to which the IDD relates are *home purchase activities*. If the *firm* does not carry on *regulated mortgage activities*, it must include the second sentence and delete the third. If the *firm* carries on *regulated mortgage activities* as well as *home purchase activities* it must omit the second sentence and include the third.