

Chapter 4

Guidance on regulated activities connected with mortgages

4.15 Mortgage activities carried on by 'packagers'

Introduction

- 4.15.1 G The term 'packagers' is used variously to describe a range of intermediaries and their different activities in the mortgage process. Depending on the nature of their activities, these intermediaries may carry on *regulated mortgage activities*. The *regulated activities* likely to be of most relevance are *arranging (bringing about) or making arrangements with a view to regulated mortgage contracts* (described in more detail at ■ PERG 4.5) and *advising on regulated mortgage contracts* (described in more detail at ■ PERG 4.6). It is important to note that it is the nature of the relevant activities and not an entity's own description of itself or its activities that will determine the need for *authorisation*. This section describes the activities of various types of 'packagers'.

Mortgage Clubs (sometimes called mortgage wholesalers)

- 4.15.2 G So-called 'mortgage clubs' or 'wholesalers' essentially act as a distribution function for lenders, providing information to intermediaries about current deals available from a range of lenders. They provide information (often through an electronic sourcing system) in a way that helps intermediaries search the market effectively and, as such, do not deal directly with individual borrowers. If only engaged in these activities and without direct contact with individual borrowers, in the FCA's view these entities are unlikely to carry on a *regulated mortgage activity* because they will not:
- (1) *arrange (bring about) regulated mortgage contracts*; their involvement is too indirect to bring about the contract;
 - (2) *make arrangements with a view to regulated mortgage contracts*; borrowers will not be participating in the arrangements which they make; or
 - (3) *advise on regulated mortgage contracts*, because they provide information not advice and the information is, in any event, directed to intermediaries rather than borrowers.

Mortgage packaging companies

- 4.15.3 G So-called 'mortgage packaging companies' may undertake certain parts of the mortgage process for lenders on an outsourced basis, ensuring that a complete set of documentation is collated and sent to the lender. This might include receiving application forms from intermediaries, undertaking credit reference checks and instructing a valuer. Other activities might include a

product placement service for other intermediaries who provide product advice or recommendations to their clients. In the *FCA's* view, mortgage packaging companies engaged in these activities are unlikely to be carrying on a *regulated activity* where they have no direct contact or contract with potential borrowers (for the reasons given in ■ PERG 4.15.2 G).

Broker packagers (sometimes called 'intermediary brokers')

4.15.4

G

The term 'broker packagers' is typically used to describe intermediaries who either market their services directly to borrowers or who offer other intermediaries a complete mortgage outsourcing service. They are often involved in the sales and advice process, including helping the borrower complete application forms. In the *FCA's* view, broker packagers carrying on these types of activity in direct contact with the borrower are likely to be carrying on the *regulated activities of arranging (bringing about) and making arrangements with a view to regulated mortgage contracts*. They may also be *advising on regulated mortgage contracts* depending on the circumstances.