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Appendix 2 – Premium Credit Limited finance information document

Monthly repayment options

Below we have included options on how you can spread your premium via monthly repayments.

Although paying your insurance costs in full is an option you can spread the cost of your premium via monthly repayments. Spreading the cost may be more convenient to you although it will cost more.”

In arranging premium finance, we act as a credit broker not a lender and can arrange for you to pay your premium(s) / fee(s) through an instalment facility.

Premium Credit Finance Quotation

If your application for credit is successful, Premium Credit will pay for your insurance premium in full and you will be obliged to repay this credit by monthly repayments. You will also be required to sign a credit agreement with Premium Credit.

	Premium Finance	Single Payment
Total amount funded	£	£
Facility fee	£	£
Transaction fee	%	£
APR	%	£
Total charge for credit*	£	£
First repayment of	£	£
Total number of monthly repayments**		£
Subsequent monthly repayments of	£	£
Total amount payable	£	£

*If you choose to pay for your premium(s) by applying for premium finance and entering into a credit agreement with Premium Credit, this is the how much more it will cost rather than paying your premium as a single amount at the start of your policy.

**This is the duration of your credit agreement; however, your policy is for a XX-month duration.

Based on the information we have provided please ensure that the monthly repayments are affordable for you.

Information sharing and credit assessments

We use Premium Credit Limited to provide finance [exclusively, who is the lender] [as part of panel of lenders]. We [Partner name] are acting as the credit broker. We may receive a commission for introducing customers to them.

Your personal information and the bank detail you provide to us will be passed to them and they will contact you via email or text or in writing and send PDF or word documents. Credit is subject to status, and they may use a credit reference agency that leaves a record of the search or other information about you to conduct credit and anti-money laundering check. This record will be visible to third parties.

Final Information and Summary

The first collection will come out of your bank account [within 14 days] [one month after your insurance inception/ renewal date] and on the same date each month after that as your inception/renewal date.

If you choose to proceed with the finance option through Premium Credit:

You will receive your information pack within the next 14 days. Please read it carefully to ensure it is right for you.

If you are happy to proceed with the credit agreement, please make sure you go online and sign the Credit Agreement as soon as possible. A £25 charge may be incurred if Premium Credit are required to write to you to remind you to sign your credit agreement. If you fail to make your required monthly repayment on time, Premium Credit will charge you a £25 default fee. Failure to bring your repayments up to date could result in your agreement being cancelled.

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You can make a full or partial repayment at any time. Premium Credit will confirm to you the exact date of your first repayment in writing. The company name that will appear on your bank statement against the Direct Debit will be [Premium Credit Ltd] OR [PC/Partner Name].

If there are any changes to the date, amount, or frequency of your Direct Debit, they will always give you 5 working days' notice in advance of your account being debited. That's if, you have set up your Direct Debit instruction with Premium Credit. You will be sent confirmation of this no later than 5 working days before the first collection.

Your option to withdraw

If you do change your mind you can withdraw from the credit agreement free of charge within 14 days by contacting us, any repayments you have already paid will be refunded to you and you will have to find an alternative way to pay for your insurance. If you cancel after 14 days, you may have to repay any money owed to Premium Credit.

Should you wish to pay using the Premium Credit repayment facility offered to you, we will instruct PCL.

Appendix 2 – The Annual Percentage Rate

What is the APR?

APR stands for Annual Percentage Rate and is expressed as a percentage and designed to represent the annual rate charged for borrowing to allow customers to compare between products. It does not set out the actual rate the customer will pay as there is a prescribed formula which must be used for its calculation.

It must include any fees which are specifically made as part of the credit application and process, for instance the facility fee (where applicable) for our finance but does not include other fees and charges which may not materialise, such as default fees).

Calculating the APR

There are two types of APR calculation that are commonly used: Running Account and Fixed Sum. Generally, PCL offers "Running Account" credit and calculates the APR based on the prescribed Running Account methodology. The fixed sum method will provide a higher APR figure than the running account method.

Running Account APR

1. APR is calculated over 12 months, regardless of the actual Instalment term.
2. The anticipated credit limit is drawn down immediately and in full.
3. Repayment is by 12 equal instalments, collected in arrears.

Fixed Sum APR

1. The loan drawn down is the premium/loan value which is drawn down immediately and in full.
2. The number of monthly payments is equal to the instalment term.
3. Each payment value matches the customer payments.

These assumptions may create a mismatch between the actual structure of the loan and the assumed profile for the APR calculation.

Providing the APR to customers

You must ensure that you provide the APR to customers based on the running account methodology – we can provide an APR calculator for this purpose.