



The FairLife Charity

Fair trading in finance



The FairLife Pledge

Personal Loans

The FairLife Mark is a competitive advantage you can be proud of, boosting customer loyalty and trust by giving you higher standards than those required by law. The highly visible mark says that your firm has a positive attitude toward Consumer Duty, conveying this to your customers in language they understand.

The FairLife Mark Pledge

The mark represents a pledge to help customers achieve good outcomes by pricing honestly and trading fairly. Any products or services displaying the FairLife Mark must:

- a) Follow the spirit as well as the letter of any agreed regulator's rules and principles with an emphasis on treating customers fairly.
- b) Adhere to agreed sources of profit as detailed in the PANA criteria below. Any extra fees or charges must be designed only to cover additional costs and not to generate additional profits.

In essence FairLife providers agree to act in good faith, embracing good practice within the constraints of the market and avoiding poor practice.

PANA criteria for personal loans to display the FairLife Mark

PANA stands for Peer Agreed and Nationally Approved meaning that the criteria have been agreed by a peer group of providers and approved by the FairLife Charity. The resulting standards combine fairness to the public with business practicality. PANA criteria evidence that FairLife-marked products and services meet the FairLife Pledge.

- 1) The provider must act in good faith, helping customers to select and manage products and services that will help them achieve their financial goals and avoid foreseeable harm.
 - a) This is achieved by the provider acting consistently within the reasonable expectations of the FairLife Charity, the Financial Conduct Authority, retail customers and the Financial Ombudsman Service.

PRODUCTS FEATURES

- 2) Customers must be able to overpay their loan without charge by at least 10% per year and must be able to repay the entire loan early without facing a financial penalty more than reasonable costs.

PRICE AND VALUE

- 3) Fees and charges, other than the interest rate and any upfront admin fee, must be designed only to cover additional costs and not to generate additional profits. This requirement does not cover charges for additional products or services offered by the provider in connection with the loan.
- 4) The interest rate and any upfront admin fee must be deemed to represent fair value for the customer, as must any additional fees or charges for related services offered by the provider in connection with the loan.
- 5) If the interest rate charged exceeds 3% per month AND the customer may pay more in fees and interest than the amount they originally borrowed, the lender must be validated by a FairLife Agent to confirm that the interest rate charged is justified within the fair trading initiative.



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CUSTOMER UNDERSTANDING

- 6) Communications and charging structures must be clear, fair and not misleading.
- 7) The provider must avoid terms likely to impede a customer's understanding and be willing over time adopt standardised terms for charging customers if peer agreed terms can be secured in the future. This will build public trust and help FairLife schools, colleges and universities to teach financial education.

CUSTOMER SUPPORT

- 8) The provider must have policies for supporting vulnerable customers, which seek to give those customers similar good outcomes to other customers.
- 9) The provider must be fair to customers with payment difficulties.
 - a. The provider must inform customers that they can get free debt advice.
 - b. The provider must not add fees or costs if debt is restructured due to payment difficulties.
 - c. No business area focused on supporting vulnerable customers must be a profit centre.
- 10) The provider must be fair to customers facing debt recovery. The provider must:
 - a. Inform the customer that they can get free debt advice.
 - b. If the debt is sold or fully outsourced to an external debt recovery firm the debt burden must be frozen at this point and not incremented further with interest, fees or costs (with the exception of court fees and costs). The frozen amount can include all interest and costs incurred by the provider up to this point.
 - c. Include the instructions in criterion 6 as part of the transaction if the debt is sold or passed on (unless passed to a FairLife registered debt recovery firm).

The FairLife Mark is a mark of integrity that can be awarded based on the provider's own declarations. The licensee may use the mark on any qualifying products and cancel at any time.

The FairLife Mark is on your side