

Financial Promotions

Policy Overview

The FCA has set out specific rules and guidance around financial promotions (marketing material) for consumer credit, these can be found in the FCA handbook, Consumer Credit source book (CONC) chapter 3 'Financial Promotions and Communications with Customers'.

Principle 7 summarises the key requirement for all such promotions Communicating with Customers: A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair, and not misleading.

It is California Car & Commercials Limited's responsibility to ensure that financial promotions and marketing material produced by California Car & Commercials Limited are clear, fair, and not misleading. We must also ensure we incorporate all the legal requirements into any promotions and can evidence meeting the principles and Consumer Duty outcomes.

Who is Responsible for this?

Mario Di Fazio is responsible for ensuring our firm has a documented and implemented robust procedure for the effective management, design, production, and use of all financial promotions.

California Car & Commercials Limited are responsible for ensuring all financial promotions are approved prior to use.

How does this Affect Us?

Consumers must not be misled about the status of California Car & Commercials Limited or about the nature of our business. Only trading names registered with the FCA and Information Commissioners Office (ICO) may be used on Financial Promotions and all advertising and other communications with customers must also include the legal name, not just the trading name.

California Car & Commercials Limited have robust procedures for the production and approval of financial promotions, marketing and any customer facing material. This includes non-real time financial promotions, including:

- Advertising
- Standard letters
- Press releases
- Forms
- Internet copy (i.e., text) and Websites
- Mobile Phone, Radio, and Television communications
- New media (including social networking websites, forums, blogs, and iPhone applications)
- Telesales scripts
- Face to face system generated questions

The above lists are not exhaustive.

Regulatory Status Disclosure

All financial promotions should contain our regulatory status disclosure. This will vary depending on the trading name used and the permissions held.

Our full legal name of California Car & Commercials Limited (as it appears on the FCA's register) must be disclosed on the financial promotion. Other trading names can appear and be more prominent, however the full legal name must also appear. This can simply be in the regulatory status disclosure.

The full postal address of the 'advertiser,' in this case ourselves, must be displayed in the promotion. This can be in the small print along with the regulatory status disclosure.

Financial Promotion Guidelines

For all financial promotions, the overarching FCA rule is that financial promotions must be "clear, fair and not misleading." The FCA's rules (CONC 3.3.1R) states that California Car & Commercials Limited ensure that each communication and each financial promotion:

- Is clearly identifiable as such.
- Is accurate.
- Is balanced and, in particular, does not emphasis any potential benefits of a product or service without also giving a fair and prominent indication of any relevant risks.
- Is sufficient for, and presented in a way that is likely to be understood by the average member of the group to which it is directed, or by which it is likely to be received.
- Does not disguise, omit, diminish, or obscure important information, statements or warnings.

The following guidelines are also adhered to: -

- The language used must be clear and as jargon-free as possible (particularly in relation to terms, conditions, and exclusions). Jargon terms that are included will need to be explained or a cross reference provided.
- Marketing 'language' must not be exaggerated or over-promise. All statements and comparisons must be accurate, have been checked and can be supported by evidence.
- The product being promoted in the advertisement/financial promotion should be suitable for the target audience.
- Any vehicle pictured on the promotion must be the exact make, model, and specification as the one used for calculating the associated finance example.
- The cash equivalent price of any vehicles advertised must also be shown clearly.
- Where a promotion features eligibility criteria, this will be shown in equal prominence, this also includes the font size used in the promotion.
- Where the promotion refers to price, if this is subject to VAT, the firm's VAT number must be displayed.
- The rate of interest will be clearly stated as "%APR," confirming if it is a fixed rate, variable rate, or representative rate.
- Any representative APR must be based on the expectation that at least 51% of the credit agreements entered into will be at that rate.
- Benefits and exclusions stated must be 'balanced.'

A Financial Promotion must not include:

- The expression “interest free” unless the total amount payable does not exceed the cash price.
- The expression “no deposit” unless no advance payments are to be made by the customer.
- The expression “loan guaranteed,” “pre-approved” or “no credit checks” unless the agreement is free from any conditions regarding the credit status of the customer.
- The expression “gift” or “present” unless there are no conditions that would require the customer to return the “gift” or “present.”

'Representative APR'

The Representative APR is the rate at, or below which, California Car & Commercials Limited reasonably expects to broke for at least 51% of customers who enter into credit agreements made as a result of the financial promotion. This will typically be based on data from previous customers, or where rates are fixed for eligible customers.

A Representative APR must be shown as “XX.X% APR Representative” or “Representative XX.X% APR” and given no less than equal prominence with any favourable term or comparison (whether express or implied) or other rate of charge or incentive.

The Representative APR must be displayed in any financial promotion which includes a Representative Example or:

- Indicates that credit is available to persons who might otherwise consider their access to credit restricted. This could be done by promoting the availability of credit to borrowers with a poor credit history or using statements such as: 'Been refused credit?' or 'Do you have CCJs?.'
- Indicates that the terms are more favourable than those available from any other source or in any other case. 'Best ever rates;' 'Lowest rates in town;' or 'Available for a limited period of time only.'
- Includes an incentive to apply for or enter into the credit agreement, e.g., a free gift, cash back, free insurance, deposit contribution.
- Includes a reference to the speed or ease of gaining credit, such as: 'Quick and easy application;' or 'Loans approved and in your account within 1 hour'.

Representative Example

If the financial promotion contains any rate of interest or any figure relating to the cost of credit, e.g., a monthly payment and total amount payable, you are required to include specified finance information in a 'representative example.' A table is an effective way of providing this information in a standardised format, ensuring that all information is provided and can be easily compared.

A representative example table must be headed by the product type and “representative example” and include all the items listed below:

- **Monthly payments** – if one month is different then this must be shown
- **Deposit** – Customer deposit required

- **Deposit Contribution** – Any deposit contribution or allowance paid by the advertiser in addition to the customer deposit.
- **Total Deposit** – Customer and Contribution combined.
- **Cash Price** – The total cash price of the vehicle shown, including metallic paint and any additional costs.
- **Total Amount of Credit** – The amount of credit under the agreement
- **Fees or Charges** – Details of any fees or charges included in the total amount. Payable; The nature of the charge and the amount should be stated for each charge. e.g., interest/fees
- **Optional Final Payment** – If Applicable and listed as “Optional Final Payment.”
- **Total Amount Payable** – The amount of money the customer would pay under the agreement.
- **Rate of Interest per annum** – Must be expressed as a fixed or variable percentage, applied on an annual basis
- **Duration of the Agreement** – Length of the agreement in months
- **Annual Mileage** – anticipated annual mileage for PCP agreement.
- **Excess Mileage** charge as pence per mile
- **Representative APR** –the Representative APR must be shown in the finance table. This should be displayed as XX.X% APR Representative. Note that all items must have equal prominence, meaning that no items can be made to stand out above the others by using bold type, different size or different colour.

Example Tables:

Personal Contract Representative Example	
xx Monthly payments of	£xxx.xx
Customer Deposit	£x,xxxx.xx
Deposit Contribution	£x,xxx.xx
Total Deposit	£x,xxx.xx
Cash Price	£xx,xxx.xx
Amount of Credit	£xx,xxx.xx
Interest Charges	£xx,xxx.xx
Optional Final Payment	£xx,xxx.xx
Total Amount Payable	£xx,xxx.xx
Fixed Rate of Interest	x.xx% p.a.
Duration of Agreement	xx months
Annual Mileage	x,xxx
Excess Mileage Charge per mile	xx.xp
Representative APR	x.x% APR

Conditional Sale Representative Example	
xx Monthly Payments of	£xxx.xx
Customer Deposit	£x,xxx.xx
Cash Price	£x,xxx.xx
Amount of Credit	£x,xxx.xx
Interest Charges	£x,xxx.xx
Total Amount Payable	£xx,xxx.xx
Fixed Rate of Interest	x.xx% p.a.
Duration of Agreement	xx months
Representative APR	x.x% APR

Websites

Websites are regarded as financial promotions and California Car & Commercials Limited adhere to the requirements contained within this guide. Further guidance is as follows:

- The regulatory status disclosure must appear on, at least, the home page. Good practice would be for it to appear on all pages, possibly through the use of a fixed footer.
- The full legal name and address must be provided in an easy to find place on the website. This would typically be the 'Contact Details' page.
- All examples of finance must be kept distinct with no possibility of confusion between them.
- All representative examples must adhere to the same standard format to allow customers to easily compare between them.

Review and Sign-off

Financial promotions must be periodically reviewed in the event of changes in FCA regulations. Any non-compliant or non-approved material will be destroyed.

When any financial promotion period expires the financial promotion will be re-reviewed and either granted new approval or withdrawn.

It is extremely important that the Financial Conduct Authority's logo is not used on any documentation produced by California Car & Commercials Limited as this is subject to copyright.

Monitoring & Reporting

California Car & Commercials Limited keeps records of all financial promotions, including:

- type of material, e.g., letter, website text.
- target audience, e.g., end customer.
- the promotion owner/requestor.
- evidence of Consumer Duty consideration – document how this has been considered.
- date submitted for business sign off and who to.
- date returned following business sign off and who approved it.
- approved/not approved and reasons for non-approval version control all correspondence e.g., emails relating to financial promotion/marketing material.
- how long approval is valid for.

This should be kept within the financial promotion Register.

Management Information

Mario Di Fazio reviews financial promotion Management Information to identify and monitor any relevant trends. This could include, for example, complaints Management Information resulting from a misleading financial promotion. Appropriate action should be taken for any trends identified.

Last Modified: 14.07.2023