



The FairLife Charity

FairLife Personal Loan Mark

Executive Summary

The Personal Loan Mark is focused on encouraging customers to repay their debts, promoting a competitive loan quote market and protecting customers who find themselves in financial difficulties.

The power of FairLife is in its breadth, spanning all areas of finance. Over time FairLife Marks will interlink creating an umbrella of trust we call the FairLife Family. Once the FairLife Family is established many customers falling into debt will be kept within the FairLife Family regardless of how many times their debt is purchased or how many debt recovery firms or debt advice agencies are involved. This will assist FairLife in helping people who are struggling to pay their debts, as well as giving the more vulnerable clients a visible sign they recognise on their written communications.

Criteria for the Personal Loan Mark

1. The first criterion is a fair interest rate.
 - FairLife personal loans must not charge an interest rate greater than the cap set by Government for credit unions, currently 3% per month (42% APR) to include arrangement fees.
2. The second criterion is free overpayments up to 10%.
 - Customers must be able to make overpayments into their accounts of up to 10% of the outstanding loan amount each calendar year without penalty.
3. The third criterion is fair competition.
 - A route must exist for potential customers to seek either a personalised indicative quote or an indication of eligibility without leaving a hard footprint in the customer's credit history; this route may be via an external agent.
4. The fourth criterion is fair debt collection.
 - The fourth criterion is to follow the criteria of FairLife's Debt Recovery Mark if a customer defaults on payments consistently and the company seeks to recover the debt using an in-house team.
5. The fifth criterion is display of the FairLife Mark.
 - The fifth criterion requires that the licensee places the FairLife Personal Loan Mark on all contracts that will be sold as FairLife personal loans.



The FairLife Charity



Criteria detail and examples

The first criterion is a maximum interest rate.

This criterion filters out high-interest charging loans and short term loans which require greater scrutiny and are being covered by separate FairLife Marks.

The criterion only applies whilst the loan is being repaid as per the loan agreement. Debt being recovered from a customer in default is covered by the criteria of the Debt Recovery Mark.

The second criterion is free overpayments.

The FairLife charity encourages customers to reduce debt at the earliest opportunity and to direct surplus or unexpected cash balances to paying down the principal of any outstanding loans. Customers must be able to make overpayments into their accounts of up to 10% of the outstanding loan amount each calendar year without penalty. The Licensee may require that customers notify them in advance or follow other administrative guidelines in accessing this facility.

The third criterion is fair competition.

Criterion three seeks to promote a competitive loan quote market. It does this by ensuring that a route exists for concerned customers to seek competing, indicative loan quotes without their search impacting on their credit worthiness. At present consumers who shop around can be disadvantaged by the hard searching of loan quotes.

The third criterion can be achieved by the Licensee offering the facility themselves or by the use of an external agent (such as Experian's HD Decisions). Customers should be made aware if an indicative loan quote, or indication of eligibility, may alter when final searches are performed. The Licensee to seek to reduce the number of customers for whom this happens as the market evolves.

[The issues behind criterion 3 have been incorporated into an FCA discussion document published Sept 2013]

The fourth criterion is fair debt collection.

Many lenders pass on underperforming debt to other companies rather than trying to recover the debt themselves. For these groups criteria four is not relevant other than a request to pass the debt to a FairLife registered Debt Recovery firm (or a company on the relevant FairLife register¹) as per the FairLife Family:

The FairLife Family is a request that if two or more providers offer a product or service, and both are equally in the customer's best interest, the provider with the relevant

¹ The FairLife Charity run a register of companies that meet the criteria of the Debt Recovery Mark but have chosen not to adopt the FairLife Mark.



The FairLife Charity

FairLife Mark should be favoured (unless offering such a bias would contract any law, regulation or industry best practice guidance).

Where a company displaying the Personal Loan Mark seeks to recover debt themselves it would be expected by customers that the firm would abide by the criteria of the FairLife Debt Recovery Mark. The key additional criteria are:

- Highlight sources of free debt advice to the customer.
- Treat unregulated debt in the same manner as regulated debt.
- Limit the interest and costs that can be added to debt once in debt recovery. Additions must not exceed the original value of the debt (i.e. debts must not be increased by more than 100%) unless the debt value is below £500 in which case £500 can be added. Court costs are excluded.
- Accept phone calls from the customer's debt management group where applicable.
- Seek to agree an affordable repayment option with the customer.

The fifth criterion is display of the FairLife Mark.

A key benefit of the FairLife charity is the brand awareness that will be achieved by having a consistent Mark spanning all areas of finance. It will give comfort to people, ranging from vulnerable clients in debt to the elderly sorting out their pensions, that the products are all part of the same fair trade initiative. This will be achieved by licensees putting the FairLife Mark on to their clients' quotes and contracts.

Only contracts displaying the FairLife Mark are part of the FairLife initiative. If a licensee with multiple loan products puts a FairLife Mark on two of them, that firm will be deemed to have two FairLife Personal Loan products. In this way FairLife offers a route by which customers can see very clearly whether or not they have a FairLife product and providers can evolve their Personal Loan product range to become more consumer-centric.



The FairLife Charity

Licence fees

Number of paid employees in the UK	Minimum Annual Licence fee
Up to 10	£1
Up to 50	£50
Up to 100	£100
Up to 300	£200
Up to 500	£300
Over 500	£400

The Mark is free to charities, not-for-profit organisations and similar groups (the £1 fee is ‘considered paid’). Annual licence fees to commercial entities are designed to be a token amount sufficient to cover the running costs of the charity. It is hoped that these firms will also make charity donations to the FairLife Foundation as circumstances allow.

Licence fees will be invoiced by FairLife Limited following the award or renewal of a FairLife Mark. All charity donations will be gratefully received and acknowledged by the FairLife Foundation Limited.

Displaying the Mark and the FairLife Advert

The Personal Loan Mark can be displayed on any relevant literature and should ideally be placed on all quotes and contacts. Placing the Mark is only restricted if the company offers personal loan products not covered by the Mark. In this situation care is required to avoid confusion.

Companies who wish to help establish FairLife as a fair trade mark for the finance industry are encouraged to display the FairLife Advert (shown in the top left hand corner of this document) where employees, customers and members of the public can view it.

Obtaining the Mark

The licence can be downloaded and printed from the FairLife Foundation website at www.fairlifecharity.org under Product and Service Marks / Personal Loans.

Contact details

Contact details for FairLife Limited and the FairLife Foundation Limited:

Telephone: 020 366 40377
Address: Unit 40A, The Grove, Hatfield, AL9 7RN
Email Address: admin@fairlifecharity.org



The FairLife Charity



Appendix 1

The FairLife Charity (background)

The FairLife Charity is a fair trading initiative designed to benefit everyone in the UK by improving everyday financial products and educating the public.

The charity is applying the principle of fair trading to the banks and finance institutions of the British economy; awarding its trademark logo, the FairLife Mark, to products and services that meet defined criteria. The FairLife Mark is a mark of integrity. Providers self certify and agree to follow the spirit as well as the letter of the rules.

The mark will span all areas of finance, eventually forming an umbrella of trust known as the FairLife Family, and will ultimately help to highlight minimum standards of sound practice. The Mark will act as a beacon, helping to guide consumers, whilst allowing competition and customer choice to flourish.

Together with raising standards, the FairLife Charity is encouraging companies, including those outside financial services, to make commitments in areas such as pension funding, adult education and the treatment of vulnerable customers. The criteria of these different marks can be interlinked to deliver outcomes for the public that are otherwise hard to achieve.

There are three types of FairLife Mark:

- Product and Service Marks highlight where companies have signed up to help establish fair trading in finance at the product level.
- Commitment Marks highlight where companies have made an organisational-level commitment to improve peoples' lives financially.
- Guidance & Education Marks are awarded in recognition of educating or directing the public in the responsible management of their financial affairs.

FairLife's Product and Service marks

The FairLife Mark is about putting the customer first and rebuilding the good reputation of the country's finance industry. The mark highlights firms willing to accept The FairLife Foundation as a body that will ultimately help to define minimum standards of sound practise for the finance industry. The Foundation is being gifted to the nation with a remit to represent the best interests of the public and to help grow a strong and profitable finance industry.

The criteria may be strengthened over time thereby increasing the scope and effectiveness of the mark. Firms adopting these early marks are demonstrating, in a highly visible manner, their commitment to putting the wellbeing of the public at the heart of their business.

More information is available on the charity's website at www.fairlifecharity.org