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A straightforward guide to your mortgage

This guide explains the important features of your mortgage. If you have any questions or require any further help in relation to understanding your mortgage please call us or speak to an adviser in one of our branches.

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Mortgage Facts

What is a mortgage?

A mortgage is security for the money we lend to you to buy your property or to pay off an earlier mortgage on your property if you are remortgaging or to raise capital on your property if you already own it. The mortgage gives us rights in relation to your property, which we may exercise if you do not keep up to date with your monthly payments or if you break any of the other terms of the mortgage. These rights may entitle us to repossess the property and sell it to recover the money you owe. If at any time you have difficulty in keeping up with the payments under your mortgage, please let us know. We will always try to work out an arrangement to help you.

Your mortgage will operate on the terms set out in your mortgage offer and in our conditions booklet (which we send you at the same time as the offer). Other terms and conditions may apply to the mortgage and these are referred to in the conditions booklet.

There are different types of mortgage depending on the product that you are taking out. The main types of mortgage are covered by our Standard Mortgage Terms and Conditions (which include our Buy To Let Mortgage Terms and Conditions) and our Flexible Mortgage Terms and Conditions. The information set out in this guide covers all mortgage types unless we have specified that particular information relates to a particular product type (e.g. a Flexible Mortgage).

On completion of the mortgage, a mortgage deed is lodged with the Land Registry. The mortgage will be discharged when the money you owe us is repaid in full.

Please note that our agreement to provide a loan to assist you in the purchase of your property does not mean that we consider or guarantee that the purchase price for the property is either appropriate or reasonable or that the property is free of defects.

As well as securing all the money you owe us, under the terms set out in the conditions booklet and mortgage offer, the mortgage deed will secure the money owing under any other agreement that expressly states it is to be secured by the mortgage deed. Where you are joint borrowers, this could include money that only one of you owes under another agreement (for example, if A and B are the borrowers named in the mortgage deed, the deed will also secure money owed by A alone under a separate agreement which says that it is to be secured by the mortgage deed).

Where the mortgage deed also secures money owing under another agreement:

- we will not be obliged to discharge the mortgage deed until the money owing under the other agreement has been paid off; and
- if you do not pay off the money owing under the other agreement, we may be entitled to take possession of and sell your property to recover the money you owe.

Joint borrowers

If there are two or more of you, your obligations under mortgage are binding on all of you together and on each of you on your own. This means that each one of you is responsible for repaying the whole of the money owing under the mortgage.

Mortgage Facts continued

Does your mortgage term extend into your retirement date?

If the term of your mortgage takes you past your proposed retirement age you will need to consider whether your income in retirement will be enough to maintain the mortgage payments. For example you should consider:

- whether your pension income will be enough to support ongoing mortgage payments as well as maintaining your lifestyle and any other commitments you may have;
- where you are relying on investment income after retirement whether there will be enough money invested to provide sufficient income to cover your monthly mortgage repayment (you should remember that returns on your investment may go down as well as up);
- where you are relying on rental income after retirement that there may be a shortfall in the amount of rent received in relation to your monthly mortgage repayment; and
- if you plan to use lump sums from savings/investments after retirement whether you have already earmarked these funds for other purposes.

If you could afford to pay more now, you may be able to reduce the term of your mortgage which would mean your mortgage could end before you retire.

If at any point your circumstances change and you could pay more to enable you to reduce the term of your mortgage, please contact us to arrange a review.

If you are in any doubt as to whether you will be able to maintain your mortgage payments or are unsure as to whether your income in retirement will be adequate, please contact us as soon as possible to discuss your options.

The property

The property must be occupied as your main residence unless we have agreed otherwise in writing.

You must not leave the property unoccupied for longer than the period specified in your insurance policy or you may not be able to make a claim on your buildings or contents insurance policy. Please check the terms of your buildings or contents insurance policy(ies) to see how long you are allowed to leave the property unoccupied.

You may not take in tenants or let the property or any part of the property without first obtaining our written permission unless we have already discussed this with you and agreed to provide you with a buy to let mortgage.

Mortgage Fees and Costs

The fees that we charge in relation to your mortgage are set out in our Tariff of Charges relating to mortgages. The Tariff of Charges is available to you at any time but will also be included with your mortgage offer and sent to you each year with your annual mortgage statement.

There will also be fees we charge when we are required to take action to protect or enforce the mortgage, for example legal costs. These fees are set out in our arrears and litigation tariff of charges, which you can obtain from us at any time on request and a copy of which will be sent to you if we have to write to you regarding arrears or litigation.

Valuations

If an internal and detailed valuation of the property is not necessary we may conduct either an External Inspection Valuation or an Automated Valuation. If an internal inspection of the property is necessary we offer Valuation Services as described below.

External Inspection Valuation

For certain types of remortgage application an estimate of value will be provided to us following an external inspection of the property by a surveyor, for example where the amount of borrowing is low by comparison to the value of the property. This inspection will be carried out from public land and the garden will not be entered. A fee is not charged in these circumstances and you will not receive a valuation report.

If the surveyor is unable to value the property from the exterior, for example if the property cannot be easily seen, you will be contacted to arrange an internal inspection to provide us with a Valuation for Mortgage Purposes. A separate fee will not be charged for the upgraded inspection and you will receive a copy of the valuation report.

Automated Valuation

In certain circumstances we will obtain an automated valuation and a physical inspection of the property will not be carried out. We do not charge a separate fee for an Automated Valuation and you will not receive a valuation report.

Valuation Services

We offer three valuation services, which are either carried out by our own qualified surveyors or by independent surveying firms that we have approved.

Details of the valuation fees are included in the Tariff of Charges and are set out on the opposite page. How much you pay depends on either the purchase price or the estimated value of the property, as well as the type of valuation you choose. Valuation fees are provided on request if the purchase price exceeds £1m. Please note that if the purchase price is concessionary or a reduced figure, e.g. when purchasing your council home, the fee will be based on the valuation and not the price.

i) Valuation for Mortgage Purposes

This is a report that is designed just for lending purposes. The surveyor will only carry out a brief inspection and some parts of the property might not be examined at all. As a result, the report will not contain much detail about the condition of the property. Defects will only be mentioned if they are relevant to the assessment of the property as security for a loan.

You will be given a copy of the report but should not rely on it as an assessment of the condition of the property. If you need that kind of information please ask for a Home Buyer Survey or Private Building Survey (see below).

A Valuation for Mortgage Purposes is provided separately by the surveyor and sent to us. You will receive a copy of this with the mortgage offer.

Mortgage Fees and Costs continued

ii) Home Buyer Survey (formerly Home View)

The Home Buyer Survey is a more detailed survey covering possible defects to the property that might affect the ongoing value, marketability or maintenance of the property. Its main purpose is to help you decide whether or not to proceed with the purchase and if so, to determine what is a reasonable price to pay for the property.

This report covers both the inside and outside of the property, the services and site. It contains advice about its general condition and particular features. Where relevant, it recommends any action that should be taken before contracts are exchanged. The report also highlights issues relating to legal, environmental and other matters that your legal adviser may need to look at.

The surveyor will send you a full description of the Home Buyer Survey service together with the applicable Standard Terms of Engagement to sign and return. The Home Buyer Survey report is for you only and we do not receive a copy.

Where your choice is a Home Buyer Survey and it is clear to the surveyor on arriving that the property is not suitable for this type of report (e.g. because of its construction and/or condition), the surveyor will complete a Valuation for Mortgage Purposes only and a refund will be made for the difference between the Home Buyer Survey fee and the Valuation for Mortgage Purposes fee.

The fee for the Home Buyer Survey fee includes the fee for the Valuation for Mortgage Purposes, which is provided to us as part of the Home Buyer Survey.

The Home Buyer survey is not a Building Survey. A Building Survey (sometimes called a Structural Survey) provides a full and detailed picture of the construction and condition of a property tailored to meet a client's needs and includes extensive technical information about materials and construction. If you require a report such as this please choose a Private Building Survey.

iii) Private Building Survey

A Private Building Survey is a detailed report tailored to your needs. This type of report is particularly recommended if you're purchasing an old or unusual property or if you're planning to extend or alter the building.

The surveyor may be able to arrange for contractors to test drains and other services for you. The survey will be carried out by one of our approved independent surveying firms, not by our own surveyors.

We will in addition require a Valuation for Mortgage Purposes, so if you decide to have a Private Building Survey, we will charge a fee for the Valuation for Mortgage Purposes.

You will be contacted separately by the surveyor about the additional fee for the Private Building Survey and sent terms of engagement to sign and return. The survey is for you only and we do not receive a copy.

Valuation Refund Policy

We realise that in certain circumstances you may need to cancel the survey. If this happens, you may be entitled to a refund of all or part of your survey fee. Our policy on survey refunds is as follows:

- if you cancel the survey prior to the valuer being instructed to carry out the survey we will refund the whole of your survey fee;
- if you cancel the survey after the valuer has been instructed to carry out the survey then you will be entitled to a refund of the survey fee minus the applicable non-refundable survey fee as set out in the Tariff of Charges; or
- if the survey has already been carried out then we regret that we will not be able to make any refund.

Additional Loan Valuation

If you apply for an additional loan we may require the property to be re-valued. If we do, this report will be for our use only and you will not be separately charged.

Reinspection

Sometimes we retain part or all of a mortgage advance until work recommended by the surveyor is completed. In a re-inspection, the surveyor will check the work has been done but won't examine or comment on the standard of the work. You are responsible for ensuring the work meets any relevant standards.

A re-inspection fee as set out in the Tariff of Charges is charged when one of our surveyors has to make an additional visit to a property in order for us to release money we have retained.

Mortgage Account Fee

The Mortgage Account Fee is charged for providing you with your mortgage. The Mortgage Account Fee as set out in the Tariff of Charges is payable on completion but can be deferred until the end of your mortgage. If you choose to defer payment until the end of your mortgage, we will not charge interest on the fee in the meantime. However, the amount of the Mortgage Account Fee payable will change annually in line with the percentage change of the Retail Prices Index ("RPI"). RPI will be applied on an annual basis after the first year of your mortgage until the end of your mortgage. It will increase if RPI has increased over the previous year and will decrease if RPI has decreased.

RPI is a general index of retail prices published in the UK by the Office for National Statistics. You can check the annual RPI charges by going to the Office of National Statistics website at www.ons.gov.uk

We are introducing new systems and this means we are unable to collect the Mortgage Account Fee at this time. We will ensure you are not disadvantaged by this should you decide to pay the fee on completion, rather than deferring to the end of your mortgage.

You will be provided with further Mortgage Account Fee information and a tear off slip with your offer documentation. If you decide to pay the fee on completion, then you must return the slip to us at the address indicated. We shall then write to you again in 2010 to remind you about your choice regarding payment of the fee and requesting payment of the original Mortgage Account Fee. You will be given the choice to defer the payment at this time in the case your circumstances have changed.

If you do not return the tear off slip the fee will be deferred until the end of the mortgage.

Example of Deferred Payment:

You enter a mortgage and choose to defer payment of the mortgage account fee until the mortgage is discharged. Assuming in each year, the RPI increases by 3%, the Original Mortgage Account Fee of £225 will increase as follows:

£225 x 3% = after the first year, the fee will increase to £231.75

£231.75 x 3% = after year two, the fee will increase to £238.70

£238.70 x 3% = after year three, the fee will increase to £245.86

£245.86 x 3% = after year four, the fee will increase to £253.24

Booking Fee

Mortgage Booking Fees are charged on some of our products. If you choose a product that allows you to add the fee to your loan, the added fee will attract interest over the term. By choosing a product with a Booking Fee, you will normally secure a lower monthly payment during the benefit period.

Higher Lending Charge

The Higher Lending Charge is a fee we may charge if you wish to borrow over 90.10% of the property valuation or purchase price (known as the Loan to Value or 'LTV'). The actual Higher Lending Charge is calculated as shown in the table below:

Initial Loan LTV	Charging rate
Less than 90.10%	NIL
90.10% and up to and including 92.5% rate	7.25% (see note 1)
Greater than 92.5% and up to and including 95%	8% (see note 1)

Solicitors and Licensed Conveyancers

There are legal costs involved in setting up your mortgage and buying your home that vary according to the circumstances involved. We can help you find a solicitor or licensed conveyancer if required.

We will normally instruct the solicitor or licensed conveyancer who is acting for you to also act on our behalf to ensure that the legal title to the property is acceptable to us.

Please note that your mortgage offer will be withdrawn if either:

- the solicitor or licensed conveyancer cannot provide an unqualified report on title for the property; or
- by completion, your mortgage offer has any outstanding conditions which need to be satisfied.

You will be responsible for our legal costs in connection with your application, whether or not the loan is made.

What is an early repayment charge?

If your mortgage offer states an early repayment charge applies to your loan and you repay the money you owe us during the period when the charge applies (which will be specified in your offer), the applicable early repayment charge will be payable. You will also have to pay this charge in certain other circumstances which will be set out in your offer and the conditions booklet (for example, if you switch to a different type of interest rate or if we have to sell the property to recover the money you owe us).

With a standard mortgage, however, you can repay up to 10% of the money you owe us (subject to a minimum capital payment of £500) at the beginning of each year of your mortgage without having to pay an early repayment charge. You cannot carry forward any unused element of the 10% concession into future years. You cannot take advantage of the 10% free repayment allowance if you are repaying all of the money you owe us upon the sale of your property.

Note 1: The HLC charge is calculated on the proportion of lending above 75% LTV.

Interest and Monthly Payments

What interest rate applies?

Mortgage interest rates are set by financial experts using a wide range of information, such as market conditions. Not surprisingly the rates can change fairly often. So you should expect the interest rate on your mortgage to vary over time. The only exception will be if we've agreed a fixed rate of interest with you, in which case the rate will remain the same for the specified fixed rate period unless you break certain conditions in which case we may apply our Standard Variable Rate of Interest.

We will charge interest at the rate specified in the mortgage offer. This may be a tracking rate, a variable rate or another kind of rate (for example a fixed rate).

The Tracking Rate

A tracking rate is a rate which will be equal to the 'base rate' plus or minus any 'tracking differential' which applies. The 'base rate' is reviewed on the third day of each month and will change if there has been a change in the Bank of England's base rate since the second day of the previous month.

A tracking differential may be either positive (so that it is added to the base rate) or negative (so that it is subtracted from the base rate). The tracking differential can only apply where you pay interest at a tracking rate. If a tracking differential applies, it will be shown in your mortgage offer. Where it applies, the tracking differential determines the amount by which your tracking rate will differ from the base rate. For example, if the base rate for the period starting 3 January is 8.00% and your tracking differential is + 1%, the tracking rate will be a constant 9% from 3 January to 2 February.

Please note that the tracking rate can never fall below 0.0001%. This can be illustrated by assuming that your mortgage offer specifies a negative tracking differential of -2.00% and that the base rate falls from, say, 2.25% to 1.75%. The sum of the base rate and the tracking differential would then be -0.25%. As that is less than 0.0001%, the tracking rate will be fixed at 0.0001% until an increase in the base rate causes the sum of the base rate and the tracking differential to go back up to 0.0001% or more.

The Variable Rate

A variable rate is a rate which will be equal to our standard variable rate plus or minus any 'SVR differential' which applies. An SVR differential may be either positive (when we call it an 'added rate') or negative (when we call it a 'discount'). An SVR differential can only apply where you pay interest at a 'variable rate'. Where it applies, the SVR differential determines the amount by which your variable rate will differ from our standard variable rate. For instance, if our standard variable rate is 8.00%, and your SVR differential is a discount of 1.00%, your variable rate will be 7.00%. If an SVR differential applies it will be shown in your mortgage offer.

A different rate of interest may, however, apply during part of your repayment period. For example, we may charge interest at a fixed rate (where the rate is fixed for a period stated in the offer or a capped rate where we may vary the rate, but only up to a fixed limit). Your offer will say if either of these rates (or any other type of rate) applies to your mortgage and if so, for how long.

What will be my monthly repayment?

You must make a monthly payment each month. The amount of your monthly payment will depend on how much you borrow, the interest rate applicable to your loan, the period of time in which you must repay the loan and whether an interest-only scheme or other arrangement applies to the money we lend you.

Where an interest-only scheme applies to all the money we lend you, the monthly payment will consist only of interest, and you will be responsible for repaying the money lent in a lump sum at the end of the repayment period. In other cases, the monthly payment will consist of both capital and interest and will provide for the money we lend you (or part of it) to be repaid with interest by instalments over the course of the repayment period. If you opt for an interest-only-scheme on any part of your mortgage, you must ensure that you have a way of paying the capital sum at the end of the mortgage term. You are advised to have separate arrangements such as a savings or an investment plan in place to ensure you can repay the money you borrowed from us.

What happens if there is a change of interest rate in the middle of the month?

An example may help to explain what happens to your monthly payment when the interest rate changes in the middle of a month. Suppose that:

- your monthly payment day is the 20th of the month;
- there is an increase in the interest rate on 3 April; and
- we give you notice of the change to your monthly payment with effect from 20 April.

The monthly payment you make on 20 April will include interest calculated at the old rate for the period between 3 and 19 April. We will work out the first of the new monthly payments which you make on 20 May so that, as well as covering interest at the new rate from 20 April to 19 May, it includes an additional sum to cover the extra interest we charge between 3 and 19 April but did not collect on 20 April.

Your monthly payment date

You must pay your monthly payments on the payment date in every month. You can choose any date between the 1st and 28th of the month as your payment date. If you do not indicate a date preference, your payment date will correspond to the day of the month when the mortgage was completed, unless you complete after the 28th, in which case your payment date will default to the 1st of the month.

You may ask us to change your payment date at any time. Please note that we normally require 14 days to process a change to the payment date and that we will not normally allow the interval between the last of the old payment dates and the first of the changed payment dates to be less than 14 days. The monthly payment which we collect on the first of the new payment dates will be larger or smaller than usual, depending on whether the change has caused the interval between the last of the old payment dates and the first of the changed payments dates to be longer or shorter than a month. From then on, the monthly payment should revert to the same amount as you were paying before the change in the payment date.

Special Provisions Relating to the Flexible Mortgage

How will my monthly payment be affected if I make a lump sum payment?

If you have a Flexible Mortgage, your mortgage allows you to make additional payments. As we explain below, these can take the form of one-off lump sum payments or regular overpayments.

If you make a lump sum payment in the middle of a month, it will affect the interest we collect through your monthly payment. An example may help to explain this. Suppose we have made you an interest-only loan of £50,000 and that the interest period which applies to your mortgage starts on the first day of every month. If you were to make a lump sum payment of £5,000 on, say 10 April, then the interest we charge during the interest period running from 1 to 30 April would be worked out as follows:

- for the period from 1 April to 9 April (inclusive), we would charge $\frac{9}{30}$ of the interest we would have charged if the capital had remained at £50,000 until 30 April (i.e. we would charge $\frac{9}{30} \times \frac{1}{12}$ of the annual interest on £50,000); and
- for the period from 10 April to 30 April (inclusive), we would charge $\frac{21}{30}$ of the interest we would have charged if the capital had been reduced to £45,000 immediately before 1 April (i.e. we would charge $\frac{21}{30} \times \frac{1}{12}$ of the annual interest on £45,000).

How can I pay off my loan under a Flexible Mortgage before the repayment date?

You can make additional payments in the following three ways:

- you may choose to make a lump sum payment;
- you may choose to make a series of regular overpayments with your monthly payment; or
- if you have savings in your savings account, part of your monthly payment may be treated as an overpayment (we explain this below).

We will treat your monthly payment as including an overpayment if you make this monthly payment at a time when you have savings in your savings account. To understand why this is so, two points need to be borne in mind. The first is that your savings will reduce the interest we charge under the mortgage. Secondly, however, your savings will not reduce the mortgage balance or affect the way we work out your monthly payments, unless you ask us to transfer the savings to your mortgage account. This means that the monthly payment you make in a month when you have savings in your savings account will exceed the monthly payment needed to pay off that month's interest on the net sum you owe us under the mortgage. Therefore, we will treat the excess as an overpayment. So the excess will itself either be added to your savings or used in one of the other ways mentioned in the Flexible Mortgage Conditions.

An example may help to explain how this works. Suppose you make an interest-only drawdown of £50,000 at 5% p.a. and make a lump sum payment of £2,000, which is added to your savings account. Your monthly payment will be based on the full amount of capital owing on your mortgage account (£50,000), ignoring the savings in your savings account. So your monthly payment will be £208.33 ($£50,000 \times \frac{5\%}{12} = £208.33$). However, we charge interest on the capital less your savings, i.e. on £48,000. So the interest we charge in the first month will be £200 (i.e. $£48,000 \times \frac{5\%}{12} = £200$). That means that your first monthly payment will be £8.33 greater than the amount of interest we charge in that month. We will treat the extra £8.33 as an overpayment and will add it to your savings account. That, in turn, will lead to a slight reduction in the interest we charge in the next month (i.e. $£47,991.67 \times \frac{5\%}{12} = £199.97$) and a corresponding increase in the overpayment we add to your saving account (i.e. $£208.33 - £199.97 = £8.36$). So, other things being equal, your savings will build up at an increasing rate as time goes on.

If you make a lump sum payment, you may tell us that the payment is to be used to reduce the mortgage balance rather than being paid into the savings account. If you do so, the effect of the lump sum payment will be to increase the 'available funds', i.e. the amount you can draw down under the available funds facility. It will also enable us to reduce your monthly payment.

Why do I need a savings account for a Flexible Mortgage?

Your savings account is opened to enable us to record any savings you build up to make additional payments.

If you have savings in your savings account, you can ask us to transfer money from your savings account to your mortgage balance (which will increase the amount you can draw down under the available funds facility and enable us to reduce your monthly payment) or you can ask us to use your savings to fund an underpayment or payment holiday. We also use the balance of your savings account to calculate the interest you pay on the money you owe us (see example set out above).

Additional payments must be used to clear arrears before they can be used to build up your savings in the savings account.

While your savings will not reduce the mortgage balance or affect the amount of the monthly payment, they will reduce the interest we charge under the mortgage. This is because we subtract your savings from the capital (the interest-bearing portion of the mortgage balance) in working out the interest we charge. As explained above, when you have savings, your monthly payment may exceed the amount needed to pay off the interest we charge; where this is so, the excess is treated as an overpayment and will normally be added to your savings.

You may withdraw your savings by using one of the methods described in the conditions. Alternatively, you may use them to fund a payment holiday or an underpayment.

What is a payment holiday or underpayment?

When you take a payment holiday, you miss one or more of your monthly payments. When you make underpayments, you make one or more reduced payments in place of your normal monthly payments.

You can take a payment holiday or make underpayments either by making a drawdown from your available funds facility or by using any savings in your savings account. The money you draw down, or the savings you use, must be at least as much as the monthly payments you wish to miss or the amount you wish to underpay.

If you wish to take a payment holiday or make underpayments, you must give us notice, as explained in the conditions booklet.

What is a credit limit under a Flexible Mortgage?

The Flexible Mortgage provides you with a credit facility (called the 'available funds facility'), under which you can borrow money from us by making drawdowns. The credit limit is the maximum amount which you are allowed to owe us under the facility.

If you wish to make a drawdown after the mortgage is completed, you must give us notice, as explained in the conditions booklet.

You can ask us to increase the credit limit at any time. We make a charge (called the credit limit review charge) for considering whether or not to agree to the increase. We also have power under the conditions booklet to reduce the credit limit – for example, if your financial position has changed and we reasonably think that you could not afford to repay borrowings up to the existing credit limit.

We can ask you to supply us with information about your financial position to allow us to assess your ability to meet your commitments under the Flexible Mortgage.

If you need any further information



Call into your local branch or telephone for an appointment and we will arrange a time to suit you.



Call us on 0800 100 807. Lines are open 8am to 9pm Monday to Friday, 8am to 4pm Saturday. We will help you and send you any forms you need.

Please remember, if at any stage you have difficulty in repaying your mortgage, let us know. We will always try to work out an arrangement to help you.

Confidentiality and use of your personal data

We treat any personal or business information given to us as confidential. We may share information with other companies in the group of companies to which we belong (the Santander group) and our associated companies, service providers or agents who may be located in other countries. This includes information about the conduct (including details of transactions) of any account that you have with a Santander group company. We'll ensure that your information is only used in accordance with our instructions and our own strict internal confidentiality policies. If we transfer your information to another country, we'll ensure that it is given the same levels of protection as required under data protection laws.

This information will be used to provide you with products and services, for administration or marketing purposes and to help develop and improve products and services that we offer you and other customers. Your information may also be made available to our regulator the Financial Services Authority to help as part of their monitoring activities.

If you apply for a credit product, such as a mortgage, we will give information to and get information back from specific credit reference agencies. This is called a 'credit search'. When we carry out a credit search, whether or not the application proceeds, the credit reference agency keeps a record of it against your name. This record (but not the company that made the search) may be seen by other organisations when you apply for credit in the future. If you make several credit applications within a short time, this may temporarily affect your ability to get credit. You will find out more about credit searches in general in the 'Your Credit Application and Credit Scoring' section below.

We exchange information with other organisations, including insurers, through various databases and through fraud prevention and credit reference agencies to help us check information and prevent fraud. Further information can be found in the 'Is my information used in any other way' section of the 'Your Application and Credit Scoring' section below.

We'd like to tell you by post, telephone or email about products and services, which we and other companies in our group or our associated companies, think may interest you. (When deciding whether to provide you with details of a credit product we may search the files of credit reference agencies. A record of this search will not be made available to other lenders who search your file.) We may also invite you to take part in market research surveys carried out on our behalf. You can choose not to receive marketing information or be involved in market research. Just tell us.

Any information you give us in connection with a joint application may be made available to your joint applicant.

We may use information about the conduct of any of your accounts and the information you supply, including details of any convictions relating to you or others, to assess your application and any future increase in the credit limit that is available to you. You must confirm that you have the specific consent of anyone else involved in the application to disclose their personal data.

You have the right to access certain records held about you. There's a fee for doing this. Please ask for the information sheet about your rights.

If you are applying for a mortgage/further advance on an existing mortgage or an Additional Loan, the information you give will be used by us to carry out an Assessment of Borrowing Potential/Full Risk Assessment/Decision in Principle. We will make an assessment from the information provided on the form as to the amount of a loan, which may be made subject to any references and survey, and additional information which may be required. It does not guarantee that the loan will be available.

If you have previously made a joint application for credit, have a joint account or state that you have a financial associate or a partner/spouse, information about you both (including any previous and subsequent names) will be recorded at the credit reference agencies. An association linking your financial records will be created at the credit reference agencies and these linked records will be searched and taken into account in assessing this application and unless a notice of disassociation is recorded at the credit reference agencies, they may be taken into account if either or both of you apply for credit in the future. Very occasionally, if there is insufficient information to enable us to assist you, we may also use information about other members of your family.

Your application and credit scoring

What happens when I apply?

Whenever we receive a request for credit from a personal customer, we consider each application carefully.

The two main questions we have to ask ourselves are:

- Does it make sense for the individual(s) concerned to take on the financial commitment – will they be able to honour it?
- Is the risk acceptable?

Should the answer to either of these be 'no', we have to decline the application which will be disappointing for both us and our customer(s).

How do we decide whether or not to accept an application?

When you apply, we will ask your permission to approach a credit reference agency to see if it has any information about you. Our decision will be based on the details you provide, together with information we receive about you from the credit reference agency.

Information you give us, for example your age, occupation, details about your business and so on, are all taken into consideration. We also take into account details obtained from the credit reference agency such as how well you've managed previous and existing accounts with other organisations.

We do not discriminate on grounds of sex, race, colour, religion or disability. We do not refuse credit simply because of the place or area that you live in either.

Your application is compared to groups of similar customers who applied to us in the past, making it a fair and objective process. Using this method, we make reliable decisions which are more consistent than relying upon personal impressions alone.

What is a credit reference agency?

An independent company licensed by the Office of Fair Trading under Consumer Credit Act 1974, to hold information on individuals.

The agency holds details about almost every adult in the UK, which includes facts concerning the customer's financial background. This information helps lenders to verify the identity of the customer and provides details of their past and present financial commitments and/or credit relationships.

What kinds of information do they provide?

The two kinds of information provided are:

Public information (including):

- Voters' Roll (Electoral Register).
- County Court Judgments and Scottish Decrees.
- Bankruptcies, Individual Voluntary Arrangements and Administration Orders.

Private information (including):

- Details of existing credit or loan agreements.
- Records of any closed or settled credit agreements within the past six years.
- Details of any current or previous arrears – including arrangements to repay outstanding amounts.
- Details of any default, write-off or property repossession within the past six years.
- Records of any searches made by other loan/credit providers.

Like most financial organisations, we supply data to, and receive data from, specific credit reference agencies for the purposes of assessing applications and credit account maintenance activities.

Your application and credit scoring continued

Could information from the credit reference agency be the only reason for declining my application?

Possibly, but if this is the case, we will tell you. The information received from the credit reference agency is only one part of the decision-making process. Sometimes, there may be no detrimental information held about you at the agency but we still may not be able to accept an application simply because it does not meet all of our business criteria at the time.

Is the information from a credit reference agency always negative?

Not at all. Credit reference agencies only supply factual information. They do not state any opinion regarding a customer's creditworthiness and they do not make the decision as to whether or not to accept an application. That is our responsibility. Agencies do not know which applications are successful or declined either, so they cannot tell why an applicant may have been refused credit. Credit reference agencies do not hold, as is commonly believed, a blacklist of people or properties – instead, the information held usually helps people get credit.

Obviously, our decision will be affected if information received from a credit reference agency shows that you are in arrears on a credit or loan agreement or that you want to borrow too much in relation to your income. Similarly, we take evidence of County Court Judgments or other credit defaults very seriously. We always try to be a responsible lender but we won't automatically decline an application just because there may have been some problems in maintaining past commitments.

On the other hand, information that you have existing credit agreements and which shows that you are managing your commitments well will enable us to look at your application favourably.

What information do we supply?

We provide information about how your account is managed. What we supply is in accordance with the Data Protection Act 1998 and the Data Protection Statement you are given when you apply or when you sign the formal agreement to be bound by the terms and conditions of the account. For mortgages NO default is registered at the agencies until the property is repossessed. Adverse CAIS are supplied whilst the account is in arrears until possession is confirmed.

If, unfortunately, it were necessary for us to take possession of your property, due to a breach of the terms and conditions of a mortgage or secured loan, we would also disclose this fact to a credit reference agency. Your name would be placed on the Council of Mortgage Lenders Possessions Register and, as a result, be passed on to other lenders.

The UK credit industry has established an agreement for the purpose of regulating the sharing of credit account performance and related data on individuals. This agreement is called 'The Principles of Reciprocity'. We comply with this agreement concerning the supply and use of data.

Records shared with credit reference agencies will remain on file for six years after they are closed, whether settled by you or defaulted. This information may affect your ability to obtain credit.

Details of your accounts that we supply to a credit reference agency may be used by other lenders for credit assessment of you and other people with whom you are financially associated. Information held may occasionally be used for debtor tracing and fraud prevention.

Is the information I provide used in any other way?

Before we can open an account for you we will check your details with fraud prevention agencies and may make searches at credit reference agencies who will supply us with information including information from the electoral register, to verify your identity.

Scoring methods may be used to verify your identity. A record of this process will be kept that may be used to help other companies to also verify your identity. If you give us false or inaccurate information and fraud is identified, details will be sent to fraud prevention agencies. Law enforcement agencies may access and use this information.

We and other organisations may search and use the records held by credit reference and fraud prevention agencies about you, your financial associates or partner/spouse and others in your household, to prevent crime, fraud and money laundering and for example:


- to check details provided on applications for credit and credit related or other facilities;
- to verify your identity if you or your financial associate applies for other facilities;
- to help make decisions about credit and credit related services, insurance proposals and claims, and all types of facilities for you, your financial associate or partner/spouse and other members of your household;
- to check the operation of credit and credit related accounts and to manage accounts and facilities, including tracing debtors and recovering debt;
- to help make decisions about job applicants and employees; and
- to undertake statistical analysis and system testing.

We and other organisations may search and use from other countries the information recorded at fraud prevention agencies. Further information on the credit reference agencies and fraud prevention agencies we use is available by telephoning **0845 602 0319**.

If you open an account with us, your information will be kept after your account is closed. Your information may be shared with and used by the group of companies to which we belong (the Santander group), our associated companies, service providers or agents for administration purposes and to:

- Provide and run the account or service you have applied for and develop and improve our products and services.
- Identify and advise you by post, telephone or electronic media (including email and SMS) of products or services which our group of companies and our associated companies think may interest you. (For credit products this may involve releasing your details to a credit reference agency).
- Release your name, address and telephone number to market research organisations for the purpose of confidential market research surveys carried out by post or telephone on our behalf.

If you do not want to receive any such information or have your details disclosed to a market research company then please write to:

 **Abbey National plc, Freepost, MK1482, Milton Keynes MK9 1LZ** (No stamp required)

Please note that if you ask us not to contact you about any of our products or services, you may not hear about a new product which may offer you a better rate or something which saves you money.

We may disclose details relating to your mortgage account to a credit rating agency to enable it to issue a credit rating on our behalf.

What are my rights of access to any information held about me?

You have the right under the Data Protection Act 1998 to see certain records we hold about you on payment of a fee. This is known as a subject access request and an information sheet explaining your rights is available from any branch.

However, subject access requests are not designed to deal with general queries that you may have about your account. If, for example, you want to find out some specific information about your account, you should contact your local branch or Mortgage Adviser. We aim to provide you with the information you require without you having to make a subject access request.

Details of how you can obtain a copy of the information held about you by a credit reference agency are given in the next section.

If my application is declined, are other lenders likely to do the same?


Not necessarily. Other companies may apply different criteria to applications and use different methods of credit risk assessment. In some instances, they may place a different emphasis on the same information. This should not discourage you from applying elsewhere.

The fact that we have asked a credit reference agency for information about you will be recorded by that agency. Other credit providers may learn of this if they use the same agency and take it into consideration when assessing an application from you. It is unlikely that a single enquiry would cause problems.


Can I check the information a credit reference agency has about me?


Yes. Under the Data Protection Act 1998 you may request details held about you by the credit reference agency. Simply send them a written request, stating all names that you have been known by (include full forename and other initials), your date of birth and the address(es) that you have lived at within the last six years together with a cheque/postal/money order for £2.


We mainly use Experian Ltd and Equifax Plc, although other credit reference agencies do exist. You can ask for an application form at any of our branches or contact each agency directly at:


 **Consumer Help Service, Experian, PO Box 8000, Nottingham NG1 5GX**

 **www.experian.co.uk**

 **0870 241 6212*** (the fee for this telephone service, which requires credit or debit card, is £2.50)

 **Credit File Advice Centre, Equifax plc, PO Box 1140, Bradford BD1 5US**

 **www.equifax.co.uk**

 **0870 010 0583*** (option 2)

With a copy of your credit file you will be sent a booklet which explains how to interpret the information held and what your rights are. You can, for example, challenge the accuracy of any details shown. If you believe that what you see is not correct then you can contact the organisation that supplied the information and tell them what you believe is wrong and why. If, after investigation it is agreed that the information is not accurate, then it will be changed.

Your application and credit scoring continued

Even if there is accurate information held which affects your ability to obtain loans or credit, you have the right to put a 'notice of correction' on your credit file. This is your opportunity to make a statement, if you wish, to explain your version of events. Once this 'notice' has been placed, all lenders will be able to view this notice and take it into consideration. Naturally, it is up to the lender to make its own decision, but at least they will have taken your statement into account.

Can I appeal against your decision?

Yes, if you think we have made a mistake, or you have further information to support your case.

Mortgages and secured loans

Please contact your local branch or Telesales Department, as appropriate.

If your application was made through a financial advisor who recommended us to you, please contact them initially and they will arrange for your case to be reviewed. Alternatively, you may appeal in writing to:



**Mortgage Appeals Officer, Abbey National plc,
Abbey House, 201 Grafton Gate East,
Central Milton Keynes MK9 1AN**

If you did not provide a detailed budget planner and 6 months' bank statements with your mortgage application, please ensure these are enclosed with your letter.

Note re: credit repair companies

Please be careful when dealing with companies which claim they can 'clean up' your credit history. You'll find the advertisements in newspapers and magazines and even on the TV or the radio. You can sort out your credit file yourself or with expert help.

You can get free advice about County Court Judgments, bankruptcy, defaulted accounts or other arrears. It's also free to find out how to sort out your debts and how to apply for credit even if your past is not perfect. You can also find out about the contents of your credit file by obtaining your file from the credit reference agency for a fee of £2.00.

For more information or advice, contact:

- Citizens' Advice Bureau (look in your local telephone directory for details of the nearest CAB branch) or view www.nacab.org.uk

For help with debt or credit problems, contact:

- Consumer Credit Counselling Service telephone: **0800 138 1111** or view www.cccs.co.uk
- National Debtline telephone: **0808 808 4000** or view www.nationaldebtline.co.uk

You can even obtain a free booklet 'Credit explained' from the UK Office of the Information Commissioner, telephone: **0870 442 1211*** or view www.ico.gov.uk.

How else can we help?

If you want to chat about anything to do with your mortgage at any time, just give us a call. You can call the number on the top of your mortgage offer letter.

We can help with more than just buying your home. We can help with things such as coping with unexpected disasters like burglaries, fires or floods or the nicer things like when you need to convert the loft for your kids or your mile-long Scalextric track.

Life and critical illness cover

Life and critical illness cover could give your family some comforting financial reassurance at what would be a very difficult time if you were to die or are diagnosed with a critical illness covered by your plan by paying out a lump sum. This will help to ease the financial burden of your mortgage on you and your family at a time when you need it most.

Mortgage Payment Protection Insurance (MPPI)

Life has ups and downs. That's why MPPI is important. It could help pay your mortgage and other monthly bills if you are unable to work because of an accident, sickness or involuntary unemployment. You select the cover to suit your needs.

Buildings Insurance

Buildings Insurance is a requirement under your mortgage and essential if you own a home to cover damage caused by things like fire, flood, storm or subsidence. You could be left seriously out of pocket without it.

Contents Insurance

Protect your belongings with our flexible home contents insurance against theft, accidental damage and a whole lot more. Pay a little bit extra and your insurance will cover your belongings when you take them out with you too.

Customer Satisfaction

We want to keep our customers happy. However, sometimes we make mistakes. If you tell us about it, we'll try our best to put it right.

We'd also like to know when we do things well.

Our promise to you

We promise to get to the bottom of your issue, we'll tell you what we're doing about it and do everything we can to help you.

When you contact us

Please tell us:

- your name and account or policy number;
- the reason for your complaint;
- the product, if applicable, that your feedback refers to; and
- if you are happy to discuss the issue on the telephone, please give us your daytime number.

How to make a complaint

Step 1 – Where to start

Please contact the department you have an issue with. They should be able to sort it out quickly. We will acknowledge receipt of your complaint within five working days after we've received your complaint, and we'll try our very best to deal with it within four weeks. If we need a bit more time, we'll keep you posted every step of the way. We hope most complaints will be sorted out at this stage.

If you are unhappy with the valuation report provided by one of our surveyors, please ask for a copy of our complaints procedure. If the surveyor is employed by an independent firm, we will pass your complaints to the firm and monitor their handling of your complaint. We can also arrange for a copy of the independent firm's complaint procedure to be sent to you.

Step 2 – If you are still unhappy

If we have been unable to resolve your concerns at this stage, please follow the referral process as detailed in our complaint resolution letter. A separate investigation will then be carried out and the Company's final response will be sent to you within eight weeks of your original complaint.

It is your responsibility to maintain your mortgage payments throughout the mortgage term and to review your arrangement should your circumstances change and during the complaints process.

Step 3 – Contact the Financial Ombudsman

Once you have given us the chance to put things right, if you are still unhappy you can contact the Financial Ombudsman Service.

The contact details are:



Financial Ombudsman Service,
South Quay Plaza, 183 Marsh Wall,
London E14 9SR




0845 080 1800

Using your own Solicitor or third party complaint-handling firm

Employing a third party complaint-handling firm, or a Solicitor or Financial Adviser, does not affect how we review your complaint. However, please be aware that:

- Abbey does not charge you to investigate your complaint.
- Abbey will not be liable for any costs incurred if you decide to employ a third party to handle your complaint during this review.
- Abbey, in general, will only make payment directly to the customer(s) if your complaint is upheld and redress is due.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

 **Corporate member of
Plain English Campaign** **34**
Committed to clearer communication

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***Daytime calls cost 8 pence plus up to 6 pence per minute for a BT Calling Plan, Mon-Fri. Mobile and other providers' charges may vary.**

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