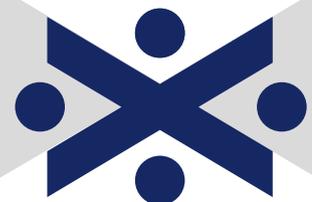


PRIVATE BANKING

# GENERAL INFORMATION

About our lending and financing



**BANK OF  
SCOTLAND**

# BANK OF SCOTLAND PRIVATE BANKING

## General information about our lending

Lending and finance is available to meet a wide variety of borrowing needs from Bank of Scotland Private Banking, from overdrafts and loans through to specialised finance. This includes personalised credit lines for short-term expenses such as buying a car, school fees, tax bills, etc to bridging finance when you're moving home to UK mortgages when you're buying property in the UK and property development finance. We also offer staggered lending for projects to build your home, probate loans for paying inheritance tax and funding for investing in a partnership in a firm.

Additionally, lending can be available to acquire or retain property rights in land or buildings, for example, paying ground rent or leasehold service charges or repaying existing mortgages.

Lending is subject to our responsible lending criteria. How much we lend, the period and rate available are subject to our assessment of your circumstances. Specific eligibility criteria and conditions apply for certain types of lending. You must be 18 or over and a UK resident to apply. Lending is subject to status and application.

### Forms of security

Depending on your circumstances and our lending criteria, security may be required for your borrowing. We can consider a wide range of assets including UK based residential property (owner occupied or as a buy to let investment), investments (e.g. cash, shares, unit/investment trusts, gilts) and guarantees.

### Duration of borrowing

Our term loans are available for a range of periods e.g. up to five years where Interest Only and up to fifteen years where Capital Repayment (and in certain limited circumstances up to 25 years). Our bridging loans (which allow you to complete the purchase of a new property before you have completed the sale of your existing property) are available for up to 6 months. Where the date of sale of the existing property is unknown the bridging loan may be available until the property is sold but may cease to be available at an earlier time. Our self-build loans (which allow you to borrow to carry out work on your property either to build a property from scratch or to make major renovations to an existing property) are available for a maximum of 24 months. We provide overdrafts for periods of up to twelve months.

## Types of borrowing rates

We offer loans at fixed or variable interest rates; these cannot be combined within the same loan. Our overdrafts are provided on a variable interest rate basis or managed interest rate basis.

### ► Fixed interest rates:

If you take out a loan with a fixed rate, interest will be charged on your loan at a rate which is fixed for the full term of the loan. Your monthly payments will therefore not increase or decrease, other than in certain cases due to the number of days between payments being collected. The fixed interest rate will give you greater certainty as to the level of your monthly payments, but you won't benefit if interest rates fall.

### ► Variable interest rates – loans:

If you take out a loan with a variable rate, interest will be charged on your loan at a variable rate which tracks the Bank of England bank rate. As your interest rate will follow any movements in the Bank of England bank rate, the interest rate applied to your loan will be reduced if the Bank of England bank rate goes down and you will benefit from lower monthly payments. If the Bank of England bank rate goes up, your interest rate will be increased and you will have to make higher monthly payments. Also your payments may decrease or increase due to the number of days between payments being collected.

### ► Variable interest rates – overdrafts:

If you take out an overdraft with a variable rate, interest will be charged on your overdraft at a variable rate which tracks the Bank of England bank rate. As your interest rate will follow any movements in the Bank of England bank rate, the interest rate applied to your overdraft will be reduced if the Bank of England bank rate goes down and you will benefit from lower interest charges. If the Bank of England bank rate goes up, your interest rate will be increased and you will incur higher interest charges.

### ► Managed interest rates:

If you take out an overdraft with a managed rate, interest will be charged on your overdraft at a variable rate which is set by us. We can vary the managed rate from time to time, but we will give you at least two months' notice before increasing it. If we reduce the managed rate, you will benefit from lower interest charges. If we increase the managed rate, you will incur higher interest charges.

## Representative example of our lending and financing.

An interest only secured loan of £100,000 payable over 5 years, on a variable rate of 3.2%, would require 60 monthly payments of £268.33 and a final capital payment of £100,000.

The total amount payable would be £117,100 made up of the loan amount, plus interest (£16,100) and an arrangement fee (£1,000).

You must open and/or maintain a Bank of Scotland Flexible Current Account with the Bank to enable payments to be made for as long as you have this loan and it must be opened before the loan starts. The Flexible Current Account is a transactional bank account with no fee. You can choose to continue to hold the Bank of Scotland Flexible Current Account once the loan has been repaid.

## The overall cost for comparison is 3.4% APRC representative.

This is an illustration of a typical loan and its total cost. The example includes the interest rate (indicating whether this is fixed or variable; we offer loans at fixed or variable interest rates), total amount of credit (including any charges), the APRC (Annual Percentage Rate of Charge), duration of the contract, amount of monthly payment, number of monthly payments and total amount payable.

It is expected that 51% or more of customers who take out a loan will be charged the specified APRC or below.

Loan amount	Loan duration (months)	Monthly account fee	Initial loan arrangement fee	60 monthly interest payments	One final capital repayment	Total cost of credit	Total amount payable	Variable rate of interest pa	Representative APRC
£100,000	60	N/A	£1,000	£268.33	£100,000	£17,100	£117,100	3.2%	3.4%

## Possible further costs

There may be further costs associated with certain loans and overdrafts which we offer. Those costs vary depending on your circumstances and the type of finance which we provide and the following are some examples:

- ▶ If you grant us security over your property or assets, you will be responsible for any fees or charges payable for its registration. Where a solicitor or conveyancer is instructed in connection with your loan or overdraft, you will have to pay their fees.
- ▶ You will also have to pay the costs of any insurance policies or valuations which are required under the terms and conditions applicable to your loan or overdraft.
- ▶ Where we provide you with finance for the purchase of land or buildings, you will have to pay any applicable stamp duty land tax (or, in Scotland, land and buildings transaction tax).
- ▶ In the case of self-build loans, further costs may arise for you in the form of fees payable to architects, surveyors and other professionals.

Please make sure that you are aware of all other taxes and costs associated with your loan or overdraft.

## Options available for repayment

Depending on the type of finance offered, different options are available for repaying the borrowing. Our term loans can be provided on either a capital and interest repayment basis or an interest only basis (or a combination of both). All of our bridging loans and self-build loans are provided on an interest only basis. For flexible short-term borrowing, we also offer overdrafts which are repayable on demand.

### ▶ Capital and interest loans:

Where we offer a loan on a capital and interest repayment basis, this means that you repay your loan with accruing interest over an agreed period of months. Each monthly repayment is made up partly of a repayment of the loan amount and partly of interest charged on the reducing balance of the loan amount. The amount of your repayments are calculated by us to take account of

- the current and reducing balance of the loan amount;
- the interest charged on the reducing balance of the loan amount;
- the total number of repayments;
- the number of days from one repayment to the next; and
- in each case the number of repayments which remain until the loan is repaid in full.

The calculation spreads your repayments over the duration of the loan.

► **Interest only loans:**

An "interest only" loan means that you pay interest over an agreed period of months, and you then repay the loan amount in one lump sum payment at the end of the period. If you take an interest only term loan you will be required to make regular monthly repayments. You must make your own arrangements to ensure that you are in a position to repay the loan amount in one lump sum at the end of the mortgage, either from monies you have put aside for this purpose or from another means of repayment. From time to time, we may ask you to show us that your repayment plan(s) remains on track to repay the loan. If we think your plan may not be enough to repay everything you owe by the end of the term, we'll try to contact you to discuss other arrangements. These may include transferring part, or all, of your loan to a Capital and Interest loan.

► **Self-build/bridging loans:**

If you take a self-build loan or bridging loan then these will be conducted on an interest only basis. Dependent on your circumstances you will be required to either deposit an advance payment of interest as a lump sum to cover the interest charges for the term or make regular monthly payments. This will be discussed and set out in your lending illustration.

► **Overdrafts:**

Where we offer an overdraft, it will be available to you for use until the maturity date set out in your overdraft offer letter. Your overdraft will cease to be available at that date at the latest and must be repaid immediately at that time (unless before then we have specifically agreed to renew or extend your overdraft). Whatever you owe under your overdraft is repayable on demand and we can require you to repay the entire amount you owe under your overdraft in full at any time. The overdraft will cease to be available as from the date of such demand. You can cancel your overdraft at any time. If you do so, you must pay back any money you owe us.

If you comply with the terms and conditions of a capital and interest loan, the monthly payments which you make will repay the loan in full by the end of the loan term. For interest only loans and overdrafts however, you will need to have a repayment strategy in place to repay the capital when the facility terminates because compliance with the terms and conditions applicable to those types of finance does not ensure repayment of the borrowing in full.

## Valuations

A property valuation is required in all cases where we take security over property in support of our lending and it must be carried out by a valuer who is in our panel. We are responsible for ensuring that the valuation is carried out so we will obtain estimates from panel valuers and will be based on the type of valuation you require, the panel valuers assessment of the value of the property and the work to be undertaken to complete the valuation. The valuers fee for carrying out the property valuation is payable by you upon applying for a secured loan or overdraft and is non refundable.

## Early repayment

The loans and overdrafts which we offer may be repaid early, either fully or partially, although depending on the terms of your facility an early repayment charge may apply. Details of any applicable early repayment charges will be set out in the lending illustration which we provide when you apply for a loan or overdraft. Where you make a lump sum or regular overpayment which consists of cash or cheque(s) the amount of interest charged is recalculated to reduce in the same timescales as we would pay you interest on a credit balance.

## Consequences of non-payment

Failing to make any required payment (in whole or in part) or to comply with the other terms and conditions applicable to a loan or overdraft which we offer may give rise to certain consequences for you including the following:

- You may incur additional interest and costs.
- Your credit rating may be impaired, making it more difficult to obtain credit from us or another lender in the future.
- We may enforce any security held by us.
- We may take other legal action against you to recover the sums which are due to us, which may lead to your bankruptcy if you still do not pay.

## Important Information

For further information on the above please contact your Private Banking and Advice Manager or alternatively call the Private Banking Service Centre on **0345 711 1111**. Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

# GET IN TOUCH

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[bankofscotland.co.uk/privatebanking](http://bankofscotland.co.uk/privatebanking)

Contact your Private Banking  
and Advice Manager

Call the Private Banking Service Centre on  
0345 711 1111

Please contact us if you'd like this information in an alternative format such as Braille, large print or audio

If you have a hearing or speech impairment you can use Text Relay (previously Typetalk) or if you would prefer to use a Textphone, please feel free to call us on **0345 601 6909** (lines open 7am-8pm Monday to Friday and 9am-2pm Saturdays)

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Licensed under the Consumer Credit Act 1974 under Registration number 0593292.

We adhere to The Standards of Lending Practice which are monitored and enforced by the LSB: [www.lendingstandardsboard.co.uk](http://www.lendingstandardsboard.co.uk)

Bank of Scotland plc is covered by the Financial Services Compensation Scheme and the Financial Ombudsman Service. (Please note that due to the schemes' eligibility criteria not all Bank of Scotland business customers will be covered by these schemes.)

The Lloyds Banking Group includes Bank of Scotland plc and a number of other companies using brands including Lloyds Bank, Halifax and Bank of Scotland, and their associated companies.

Information correct as at: August 2018