

2025 Product Review & Fair Value Assessment

'Micro' Businesses in the Professions Sector



Information on Finance for ‘Micro’ Businesses in the Professions Sector

The Financial Conduct Authority (FCA) Consumer Duty requirements sets a higher standard of consumer protection across financial services including the requirement for firms to put the customer first. Consumer Duty also sets out different requirements for firms who manufacture and distribute products.

What is the difference between manufacturers and distributors?

- **Manufacturers** are firms that create, develop, design, issue, manage, carry out, operate, or underwrite a product or service. In this case, Premium Credit is a manufacturer.
- **Distributors** are firms that offer, sell, recommend, advise on, propose, arrange, deal, or provide a product or service. In this case, this is you, our distributor.

What is Consumer Duty and why are we sharing the below information with you?

Consumer Duty requires us, as a **manufacturer** of products, to share information with you, the **distributor**, to enable you to meet your own obligations under the Consumer Duty if you are regulated by the Financial Conduct Authority (FCA).

Premium Credit has undertaken a Product Review and Fair Value Assessment as the manufacturer of this product in accordance with our obligations under Consumer Duty. Further information on the Consumer Duty can be found on the FCA website. We have used all available data relevant to this product as part of this review, and in line with the policy statements and guidance from the FCA including PS21-5, PS22/9 and FG22/5 to distributors.

In this document, we are providing you with the information that is required as per PRIN 2A.3.12.R (2) and (3) on the product and product approval process, and PRIN 2A.4.15.R on the outcome of our value assessment.

Product Review and Fair Value Assessment Timeline

<i>Date of most recent Product Review and Fair Value Assessment:</i>	July 2025
Date of next Product Review and Fair Value Assessment:	July 2026

The conclusions of the Product Review and Fair Value Assessment

1. The product meets the identified needs, characteristics and objectives of the target market (Product Review).
2. Our distribution strategy remains appropriate (Product Review).
3. The product provides Fair Value to the customers for which the product is intended.

Whilst we have some customers paying higher APR's (typically over 30%), we have clear action plans in place with our distributors to validate that the product still represents Fair Value. This is a shared responsibility with our distributors.

Key Product Information for ‘Micro’ Businesses in the Professions Sector

What is this product?	• Our Product is either a running or fixed sum credit agreement providing the consumer in the target market with a line of credit specific to a professional service fee. • The repayment period is up to 12 months. • This product has various iterations in the form of propositions to fit our relevant target markets.
What consumer need does this product satisfy?	• This proposition enables businesses to pay in instalments to spread their professional service fee costs up to 12 months via a simple application process rather than in one lump sum.
Who is the product designed for?	• Consumers who are paying their professional service fees and may wish to spread the cost across convenient monthly instalments. • Consumers that do have the available funds and choose to spread the cost for convenience. • Consumers that do not have available funds to pay in full, who would otherwise rely on other credit products with a higher APR than our Product, such as credit cards, overdrafts or other higher interest borrowing. • These consumers are UK based, aged over 18 and are introduced to us via distributors providing professional services e.g. accountants and solicitors. • All consumers are in scope.
What are the product limitations?	• Product must be sold via our distributor network and linked directly to an underlying product.
Are there any consumers where this product is not appropriate?	• Consumers based outside of the UK. • Consumers who are under 18. • Consumers who are bankrupt or otherwise prohibited from borrowing. • Consumers who do not have a UK bank account for Direct Debit collection. • Consumers who cannot afford the monthly repayments. • Consumers unable to meet their repayments out of income or savings.



What are the summary of overall fees and charges?	• Missed payment charges: Pay a Default Charge of £27.50 for each missed payment or a Direct Debit from bank account is returned unpaid for any reason (payable at the same time of the missed payment or with next Monthly Payment, whichever occurs earlier). No interest is payable on late payments. • Facility Fee: This may be charged for Transactions. • A £10 Reminder Fee may be charged if we write to the Consumer to remind return of signed Agreement.
Who are vulnerable consumers?	• Consumers with characteristics of vulnerability are within the target market. The objectives of those consumers are consistent with those of non-vulnerable consumers. Vulnerable consumers can benefit from the product in the same way as non-vulnerable consumers. • Distributors are required to identify potential vulnerability and share this information with Premium Credit. • We record consumers vulnerability either when alerted by the consumer, or by a third party (partner, family member, charity). • We have 18 types of vulnerability groupings which include financial (job loss, cost of living, financial crime, low financial understanding, etc.) and non-financial (e.g. critical illness, bereaved, mental health, divorced or separated, learning difficulties, learning disability, mental capacity, drug/alcohol problems, breathing space, etc.). • We recognise the needs of vulnerable consumers are likely to vary, especially in the current economic climate, and often require additional measures to ensure good outcomes. • In addition to the standard controls and checks in place, we also have clear vulnerability processes supported by staff training for all colleagues (i.e., front and back of house) throughout the lifecycle of our offering, and staff have authority and discretion to offer flexible solutions including waving missed payments and improve consumers outcomes. • These controls and checks cover how we interact with vulnerable consumers including the relationship with the distributor, how we identify, record and adjust for vulnerabilities, and how we continue to improve going forward. • We can and do apply forbearance measures when required, and our staff have the authority and discretion to offer flexible solutions and outcomes.



What is Premium Credit’s role in the distribution of this product?	• Premium Credit is the manufacturer. • Operating as a regulated consumer credit lender. • Onboarding of customers including any assessment of creditworthiness including an affordability assessment. • Meeting applicable regulation around Anti-Money Laundering (AML) and Know Your Consumer (KYC). • Providing systems to the distributor to facilitate the provision of our product. • Providing customer documentation and adequate information in a reasonable time to enable the distributor to meet their objectives. • Ensuring the distributor distributing the product has all the necessary information to understand the value that the product is intended to provide to the customer. • Collecting payments from customers and making payments to distributor. • Supporting customers, including those with vulnerabilities. • Providing oversight of distributors.
Which channels is the product distributed through?	• Premium Credit never sells finance directly to consumers. • This proposition is distributed through its network of distributors providing these professional services e.g. accountants and solicitors using face to face, telephony and digital channels, who wish to offer an alternative means of payments for their consumers.
What are the manufacturer sharing obligations?	• Premium Credit may contact the distributor to request information to support our product review process. Information requests may include sales information and the results of distribution arrangement reviews. • Premium Credit must provide adequate information in good time to enable distributors to meet their own obligations. • The information shared will include information regarding the product and the product approval process.



What are the distributor sharing obligations?	• Distributors must obtain sufficient, adequate, and reliable product information from the manufacturer to: – Understand the characteristics of the product. – Understand the identified target market. – Consider the needs, characteristics, and objectives of any retail customers in the target market with characteristics of vulnerability. – Identify the intended distribution strategy for the product. – Ensure the product is distributed in accordance with the needs, characteristics, and objectives of the target market. – Must regularly review the distribution arrangements to verify that it is only distributing the product to the intended target market. – If an issue is identified following a review, a distributor must make appropriate amendments to the product distribution arrangements and where harm has been identified, take appropriate action to mitigate the situation and prevent any further harm. Distributors must also promptly inform all relevant persons in the distribution chain, including Premium Credit, about any action taken. – To support product reviews carried out by manufacturers, distributors must, upon request, provide manufacturers with relevant information including, where appropriate, sales information and information on the regular reviews of the product distribution arrangements. – Must not distribute a product unless its distribution arrangements are consistent with the product providing fair value to retail customers. – Obtain enough information from the manufacturer to understand the outcome of the value assessment and in particular identify the benefits the product is intended to provide to a customer, the characteristics, objectives and needs of the target market, the interaction between the price paid by the customer and the extent and quality of any services provided by the distributor, and, whether the impact that the distribution arrangements (including any remuneration) would result in the product ceasing to provide fair value to customers. – A firm which distributes products to other distributors must ensure that all information relevant to the value assessment is passed to the distributor at the end of the distribution chain. – Where a distributor identifies that the product no longer provides fair value, whether that is due to aspects of the product or the distribution arrangements, it must take appropriate action to inform any relevant manufacturers and other distributors in the chain promptly about any concerns they have and any action the distributor is taking.
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What further action should distributors take to ensure the product represents Fair Value to the end customer?	• If distributors are authorised by the FCA and add any commission to the Premium Credit net rate they should ensure that the commission rate they set for instalment finance is in accordance with their own pricing policy and delivers fair price and value outcomes. • As the distributor of our product alongside other products, only the distributors can see the total value chain for the consumer. As a result of this they must ensure that the commission rate they set for finance is in accordance with their own pricing policy and delivers fair price and value outcomes. • When assessing the level of commission, they should consider carefully the work done in distributing finance, both operationally through staff costs (sales calls, payment queries and finance reconciliations) and systems costs. They may also want to consider the impact of any bad debt generated by cancellations and the income required to offset this. • Documenting how they use our product information and applying it to their sales activities to support them to demonstrate that they act to deliver good consumer outcomes. This could include the training they provide to their teams about our finance products they sell, how they should be sold and who they should be sold to. All training must be documented, take place regularly and must be frequently reviewed and updated. • Documenting how they will regularly review how they sell their products, and what action they will take to prevent causing foreseeable harm, ensuring that consumers can use our product as anticipated. • Notify Premium Credit if there are any concerns around the total Fair Value Assessment when all elements are considered. These could include the total APR paid, the level of fees or commission, or where small premiums lead to higher APR's. • Distributors should always ensure that when offering our product, it meets the needs of the underlying Consumer, and continue to ensure that all disclosures about benefits, costs, risks, and limitations, including the fact that finance makes services more expensive, are in place in line with regulatory requirements that allow the consumers to make informed decisions about whether the product meets their needs when choosing instalment finance. • If contacted by your Premium Credit Relationship Manager in respect of Fair Value please provide all reasonable information, and work with us to evidence your conclusion that the additional cost of distribution doesn't affect the Fair Value of the product.
What data/information is available for distributors to support their understanding of our product and Fair Value Assessment?	• There is data available at individual distributor level which benchmarks the total cost of instalment finance against peer groups. • Trading agreements hold key information on pricing and clarity on responsibilities of both the distributor and Premium Credit. • Our Regulatory Guide provides information for our distributors "engaged in the introduction of consumers" as to the standards expected of them by both Premium Credit and the FCA, when they are dealing with actual or prospective borrowers. These standards provide information and set out several ways that you can comply with your legal and regulatory obligations. Please contact us if you require the latest guide.
Who should you contact with any questions or request for data?	• Your Premium Credit Account Manager.

Outcome of the Product Review and Fair Value Assessment for ‘Micro’ Businesses in the Professions Sector

When completing our Product Review and Fair Value Assessment we used all relevant information about the product, along with information from our distributors. Where factors were deemed to be an outlier to our review, we investigated with our distributor to ensure that our product delivers value for the customer.

Product governance arrangements are in place to ensure we deliver good outcomes for our end customers to ensure products remain fit for purpose, designed to meet the needs of the end customers for whom they are intended and represent Fair Value.

Our findings are summarised below:

Assessment Area	Key Indicators and Measures	Summary Outputs and Actions
Product Performance	• Target market review • Customer volumes • Credit quality • Cancellations • Bad debt	• Our assessment of product performance confirmed that our product is performing as expected, meets the needs of the identified target market, and represents Fair Value. • For each Proposition we produce a one-page Proposition Summary as well as a Value Proposition guide that enables Premium Credit staff to understand the target market, key benefits, competition and key statistics for each Proposition. This is updated on a yearly basis with the next revision due in Q4 2025.
Product Value (including price)	• Average deal size • Net service rate • Commission • Fees & Charges • Market benchmarking	• Our assessment of product value confirmed that our net service charge represents Fair Value, and we can evidence the net service charge is reasonable relative to the benefits provided. • Our distributors are responsible for setting any commission rate they receive for instalment finance which sets the final gross sell out rate and APR charged and must satisfy themselves that their remuneration is commensurate with the value and the cost of the services provided as a distributor of this product. • The product provides customers with the convenience and benefit of being able to spread the cost. This benefit is significant to customers who cannot afford or do not wish to pay for their product in one lump sum payment and will support monthly budget planning.



Assessment Area	Key Indicators and Measures	Summary Outputs and Actions												
Distribution Value	- Review of distribution strategy - Distributor value add assessment - Relationship management and monitoring - Compliance oversight	- We have identified further actions with a small subset of distributors that are underway to ensure Fair Value in conjunction with good customer outcomes, can be clearly evidenced where our assessment has identified customers who pay higher APR’s (typically over 30%). - Our assessment of how our product is distributed confirmed that our distributors are presenting the product to customers clearly and consistently and represents Fair Value.												
Service Value	- Customer satisfaction - Net Promoter Score - External review ratings - Complaints (including FOS) - First contact resolution	Customer complaints <i>Definition:</i> Reportable customer complaints per 100,000 loans written. This is supplemented by the total number of reportable complaints made to the Financial Ombudsman (‘FOS’). <i>Performance commentary:</i> Our focus on customer journeys and customer compliance results in a low number of complaints. In addition, regular interactions with the FOS to understand their approach results in a low number of complaints referred to the FOS. Of those referred, seven were upheld in favour of the customer in 2024 (four in 2023 and six in 2022). <table><tr><td></td><td>2024</td><td>2023</td><td>2022</td></tr><tr><td>Customer complaints per 100,000 loans</td><td>386</td><td>329</td><td>272</td></tr><tr><td>Complaints referred to FOS</td><td>52</td><td>62</td><td>20</td></tr></table> Trustpilot score <i>Definition:</i> An overall measurement of customer satisfaction based on reviews received on Trustpilot.com, based on time span, frequency and Bayesian average of the reviews. <i>Performance commentary:</i> Our customer satisfaction level is stable at 4.5 (2023: 4.5), which reflects the critical nature of our products for our customers, the efficient customer onboarding journey, and our strong compliance culture. Reviews 92,995 – ‘Excellent’ score  4.5		2024	2023	2022	Customer complaints per 100,000 loans	386	329	272	Complaints referred to FOS	52	62	20
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Assessment Area	Key Indicators and Measures	Summary Outputs and Actions
Service Value	• Customer satisfaction • Net Promoter Score • External review ratings • Complaints (including FOS) • First contact resolution	Customer and partner sentiment • What our customers and partners say and feel about Premium Credit and how we compare with our peer competitors. What we’ve done in 2024 • Strong customer and partner sentiment measures, which have remained stable throughout the year. • We won the Professions Funder of the Year award at ‘Meet the Funder Expo’. • We won the Premium Finance Partner of the Year 2024 award at the Insurance Choice Awards. Key metrics • Customer satisfaction (‘CSAT’): 94% (target: 75%) (2023: 94%). • Combined Net Promoter Score (‘NPS’): +78 (target: +60) (2023: +81). • Trustpilot score: 4.5 (target: 4.5) (2023: 4.5). • First contact resolution rate: 90% (2023: 90%). • Our assessment of service value confirmed that customers can use our product as expected, can access support when required, are treated fairly when detriment is identified, and remedial actions are completed efficiently. We believe this represents Fair Value.

About Premium Credit Limited

Premium Credit is a leading provider of insurance premium finance and a range of annually charged services, including tax, regulatory and accountancy fees, sports season tickets, memberships and school fees in the UK and Ireland. Each year, we lend more than £5.5 billion to nearly 3 million customers through a network of over 3000 partners and process over 30 million direct debits annually. We are multi award winning and the only premium finance provider accredited by BIBA and Brokers Ireland.



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