

first direct

Mortgage Loan
Terms and Conditions
2023 Edition

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Our commitment to you

We aim to make all of our terms and conditions as easy to understand as possible. If you have any questions about the legal side of things before your mortgage begins, your legal adviser will be able to help.

If you don't have a legal adviser, you should consider getting legal advice. It's really important that you understand the responsibilities you are agreeing to before you sign anything.



Your agreement with us

These conditions make up part of our agreement with you. Our agreement is also made up of your mortgage offer, illustration and mortgage deed. The agreement sets out the rights and responsibilities that protect both you and us. It's important that you read all the parts of the agreement and keep copies in a safe place in case you need to look at them in future.



Offer and illustration

Your mortgage offer includes the parts of our agreement that are specific to you, such as the amount of money we've agreed to lend you and the mortgage product or products you've chosen.



Deed

Your mortgage deed creates a legal charge over your property (known as a standard security in Scotland). The legal charge is our security for the money you owe us under the mortgage.

This means that if you don't meet your responsibilities (set out in section 4), we can sell your property to repay all the money you owe us. We'll keep the charge until all the money you owe us under this mortgage, or any other mortgage you have with us, has been paid in full. If someone else takes another charge over your property, we won't lend you more money unless it's removed, or they agree we'll be repaid first if the property is sold.

Section 1 Introduction

These conditions apply differently dependent on where the **property** is located, the type of **mortgage** product you are taking out from us and the type of interest rate which applies to your **loan**:



Where the property is located:

- England
- Wales
- Scotland
- Northern Ireland



What type of product you are taking out from us:

Repayment basis

The **monthly payments** for this type of **loan** will go towards repaying the capital as well as the interest.

Existing offset mortgages

If you have an existing mortgage with us then the whole of that existing mortgage may be an **offset mortgage**. Under an **offset mortgage** the **monthly payments** do not repay the capital borrowed. They only repay the interest. You will need to ensure that you have enough money to repay the capital at the end of the mortgage term. You may want to look at investment products which can support you to do this.

You should read condition 4.10 for further information about the terms that apply to your existing **offset mortgage**. We no longer offer **offset mortgages** as a new mortgage product.



What type of interest rate applies to your loan:

Fixed rate interest rate

A fixed rate mortgage means that your **monthly payments** will stay the same until the end date of the fixed rate period, even if interest rates change.

Tracker interest rate

A tracker rate mortgage has a variable interest rate that is linked to the **Bank of England base rate** that rises or falls with it. This will affect your **monthly payments**.

Standard variable rate (SVR)

Our **Standard Variable Rate** is a managed interest rate which we can vary from time to time in accordance with these conditions. Our managed rate is not required to track the **Bank of England base rate** and we can change the rate for a number of different reasons.

Discount rate

From time to time we offer rates that are linked to our **Standard Variable Rate**, but are at a fixed percentage lower for either the whole of the duration of your mortgage or for a period at the start of your mortgage. Details about any discount rate will be set out in your **offer**.



Words and expressions

Words and expressions we use in these conditions have certain meanings and therefore appear in **bold** font. Their meaning is either explained in Section 6, or explained in the relevant condition set out in Sections 2, 3, 4 and 5 below.

What we mean by “you”

In these conditions “you”, “your” and “yours” refers to each borrower (and all of them together if there is more than one). This also includes your personal representatives. Each borrower is separately required to meet these conditions and to repay the **mortgage debt** in full. This means that we can require just one of you to repay the **mortgage debt**.

What we mean by “us”

“Us”, “we” or “our” means **first direct** a trading name of HSBC UK Bank plc and any **transferee**.

Section 2 Summary

Please note that this summary section is provided as a brief overview of your key responsibilities under these **first direct** Mortgage Loan Terms and Conditions. It should not be read as an alternative to reading the full conditions set out in Sections 3 – 6 below. It is important that you read these **first direct** Mortgage Loan Terms and Conditions in full as you need to fully understand the responsibilities you are agreeing to. If there is anything you do not understand, please speak to your legal adviser if you have one. If you do not have a legal adviser, you should consider getting one.



Summary of your responsibilities under the mortgage

Before completion

- we may withdraw our offer of a loan to you if there has been a significant change to your circumstances since the offer was made, if we discover an inaccuracy or omission in the information that was supplied in support of your application, or in certain other circumstances, for example where we know you will be unable to comply with the terms of the mortgage. For further details please see condition 3.2
- we will only proceed if on completion we will have a first ranking and only mortgage or legal charge (known as a standard security where the property is in Scotland) over a property of acceptable value to which there is a good and marketable title. For further details please see condition 3.2.

In relation to the loan, you must:

- repay the loan (including any additional borrowing), fees, interest, expenses, and any other amounts you owe us by the end of the term or earlier if we ask you to in line with the terms of your mortgage. For further details please see condition 4.1
- make your monthly payments in full by Standing Order, via your nominated current account or where we agree, by Direct Debit on each payment day. For further detail, please see condition 4.2
- pay any fees and expenses set out in the offer (whether or not you decide to finally go ahead with the loan). For further details please see your offer
- make separate arrangements to repay the capital at the end of the term where the loan is an existing offset mortgage. For further details please see condition 4.1.

In relation to the property, you must:

- take out and maintain at your own cost throughout the term, insurance in line with our requirements to cover loss and damage to the property (buildings insurance). For further details please see condition 4.8
- keep the property in good repair at all times and keep to all requirements mentioned in the title deeds or under planning or building law. For further details please see condition 4.8
- not give any person rights or create another mortgage over the property unless we write to you to say that we agree. For further details please see condition 4.8
- not share or give up possession of the property or any part of it unless we have written to you to say that we agree and, if you are letting the property, you are doing so in accordance with our requirements and all relevant laws in the country where the property is located. For further details please see condition 4.8
- get our written agreement before you alter the structure of the property, add anything to it, or demolish all or any part of it or change its use. For further details please see condition 4.8
- use the property only as your main residence unless we have written to you to say that we agree. For further details please see condition 4.8.

What we can do:

- we can change our Standard Variable Rate for certain specific reasons (for example, changes in the costs of funding our business). This may affect your interest rate if it is linked to our Standard Variable Rate. Please note that if the interest rate is at a discount to our Standard Variable Rate, the rate charged to you will never fall below 0%. For further details please see condition 4.4
- if your interest rate tracks the Bank of England base rate, it will change in line with changes to that rate although please note the rate charged to you will never fall below 0%. For further details please see condition 4.5
- changes to the interest rate, and certain other events (for example, if there is a change to the monthly payment date), may mean that your monthly payments go up or down. We will give you notice before any such change in the monthly payment amount takes effect. For further details please see condition 4.2
- if you do not keep to the terms of the mortgage then, in order to correct your failure, we can do anything that you should have done. We can charge you our reasonable costs in having to do so. For further details please see condition 5.1
- we can charge you our reasonable costs if you ask us to provide certain services to you. If you do not pay these costs (or any other costs when they become payable) they will be added to the mortgage debt and interest will be charged on them. For further details please see condition 4.7
- if you fall more than two months behind with your payments, you seriously breach your obligations set out in these conditions, or certain other events occur such as you becoming bankrupt (or any equivalent), we may:
 - a. demand repayment;
 - b. seek a court order for possession of the property;
 - c. look to sell the property;
 - d. appoint a receiver over it to collect any rental income; and/or
 - e. seek a court declaration of bankruptcy.

If we have to sell the property or other security, we will do so for the best price we can reasonably obtain in the circumstances, having taken advice on the price it should be sold for and the best method of sale. For further details please see condition 4.12

- from time to time we may require details of the buildings insurance policy you have taken out and ask you to provide evidence that it is in place. For further details please see condition 4.11
- we may use any savings, current or other account balance you have with us to pay all or some of the mortgage debt which is outstanding. For further details please see condition 5.2
- we may transfer all or some of our rights under the mortgage to anyone at any time without giving you notice before we do so. For further details please see condition 5.2.

Scotland and Northern Ireland

- certain sections of these conditions (or parts of them) only apply where the property is located in Scotland or Northern Ireland as the law differs in some respects from that in England and Wales. For further details for Scotland, please see condition 4.15
- certain sections of these conditions (marked “England, Wales and Northern Ireland only”) only apply where the property is located in England, Wales or Northern Ireland due to differences in the law.

Existing customers

- if you have already signed a mortgage deed over the property which incorporates an earlier version of our conditions relating to the mortgage of the property, and which will remain in place as security for the mortgage, then these conditions apply in a different way. In this case, the conditions incorporated in the existing mortgage deed continue to apply to the property and only the conditions in this document dealing with the loan itself will come into effect. For further detail, please see Conditions 4.10
- if you already have a loan with us and we have said that you need to give us a new mortgage deed over the property, then the existing conditions relating to the loan itself will continue to apply and only the conditions dealing with the security and the property will come into effect when you sign the new mortgage deed (unless you are also obtaining additional borrowing in which case these conditions apply in their entirety to the loan for this). For further detail, please see Conditions 4.10.

Section 3 Conditions which apply before completion

3.1 Each party's right to withdraw before completion

This condition sets out the rights we each have to withdraw from the mortgage before completion takes place.

When can you withdraw?

You can withdraw from the **mortgage** at any time before **completion** by calling us, writing to us or by sending us a secure e-message (if you are registered for Online Banking). If you withdraw before **completion** you may incur charges. These are set out in the **offer**.

If you withdraw before **completion**, you will not have to pay any early repayment charge unless you have an existing **mortgage** and an early repayment charge is payable under that.

When can we withdraw?

We can withdraw from the **mortgage** at any time before **completion**. If this happens, we will not make the **loan** to you. We can withdraw where:

- there has been a significant change in your circumstances since your **loan** application, which has or (in our reasonable view) would have a significant impact on our decision to lend to you on the same (or broadly the same) conditions;
- we discover that you (or someone on your behalf) have provided any false information in support of your **loan** application which was relevant to our assessment of your ability to afford the loan and make payments;
- we discover that you deliberately withheld any information relevant to our assessment of your ability to afford the **loan**;
- we consider, in our reasonable view, that you will be unable to fulfil any significant term or condition of the **mortgage**.

We can also delay **completion** where any of the above circumstances apply, but where it appears to us that the issue may be resolved within a reasonable period of time (less than two months). We will only delay **completion** for such period as we consider reasonable in the circumstances.

The period that the **offer** is valid for is set out in the **offer**.

3.2 Obligations of each party and conditions which must be met before completion

This condition sets out the conditions which must be met before completion and wider obligations that are relevant before completion (including use of purchase funds).

You must provide us with accurate and complete information

We rely on the information provided in support of your application. If any information changes you must tell us as soon as possible and in any case before **completion**.

We may ask you at any time before **completion**:

- to provide us with reasonable evidence to support the information including financial details provided in your application; and
- to confirm whether the information provided in support of your application is still correct.

You must provide the above as soon as reasonably practicable.

Conditions which must be met before completion

The following conditions, together with any set out in the **offer**, must be satisfied on or before **completion**:

- there must be a signed **mortgage deed** which will give us security over the **property**, and which must have priority over any other security you have given over the **property**;
- the person(s) signing the **mortgage deed** must have a good and marketable title to the **property**. This means that it must be free from any restrictions, encumbrances, burdens, conditions or other matters which might adversely affect its value or marketability. We must have received an acceptable certificate of title from our legal adviser; and
- the **property** must have been valued and be acceptable to us.

Use of purchase funds

If you are using the **loan** to purchase the **property**:

- the purchase price must match the sale contract for the **property** as provided to our legal adviser;
- the purchase price must not be reduced in any way;
- the full purchase price must be paid to the seller's legal advisor on **completion**;
- the full purchase price must pass through your legal adviser's client account;
- unless we agree otherwise, no part of the purchase price may be made up of any other loan (or gift), whether secured on the **property** or not, or provided by anyone else in exchange for any benefit relating to the **property**;
- you must not be buying the property for or on behalf of anyone else; and
- unless we agree otherwise, no-one else may be given any option or other right to buy the **property** from you.

If any of the above situations apply, you must tell us as soon as possible.

Valuation

Your **offer** will state an assumed value for the **property**. The purpose of any **valuation** is only to help us to decide if the **property** is an adequate security. You should not rely on the **valuation** for any purpose at all.

We are not required to give you a copy of a **valuation** but if we do it is for your information only. Any valuer we use is not our agent. We do not provide any guarantee relating to the value of the **property** or its condition or that any price you are paying is reasonable.

The **valuation** may indicate that certain works have to be carried out on the **property** as a condition of the **loan**. Unless the **offer** says otherwise, the works must be carried out as soon as practical after **completion**. If a time period is set out in the **offer**, the works must be carried out within that period.

Section 4 Conditions which apply after completion

Your obligation to repay the loan and details on how monthly payments and all other charges are calculated and applied.

4.1 Repaying your loan

This condition sets out how you will repay the loan following completion.

You agree to repay the **loan** with interest at the **interest rate** by making the **monthly payments** over the **term**.

If it has not become repayable earlier under these conditions, the **mortgage debt** must be repaid in full on or before the last day of the **term**.

Interest

Condition 4.3 sets out how we calculate and charge interest.

Monthly payments

Unless we agree otherwise, you must make the **monthly payment** to us on each **payment day** directly from your **nominated current account** or by **Standing Order** or where we agree, by Direct Debit and in each case from an account we approve (which must be in your name or where relevant, in the name of at least one of you).

For more information about **monthly payments**, how they are worked out and applied, and how and when they (or your **payment day**) may change, please see condition 4.2.

Repayment mortgages

If all or any part of your **loan** is on a **repayment basis**, each **monthly payment** will include an amount in payment towards the capital owed as part of the **mortgage debt** and an amount in payment of interest for the relevant month. Please see condition 4.2 for more information on how we work this out.

When you have to repay your loan early

In some limited circumstances we can demand repayment of the **mortgage debt** in full and enforce our rights against you and the **property**. Please see condition 4.12 (or condition 4.15 if the **property** is located in Scotland) for more information including the full list of events that can allow us to demand repayment and what can happen afterwards.

When you can choose to repay your loan early

You can repay the **loan** early (and may be able to make early repayments of part and/or overpayments) as set out in the **offer** and in condition 4.6. If you do so, you may have to pay an early repayment charge. Details of this will be set out in your **offer**.

4.2 Monthly payments

This condition sets out more information about your monthly payments, including how we work them out and when the amounts (or the day in a month you must make them) may change.

Making monthly payments

We may apply payments to the **account**, for example when a Direct Debit is received, but these will be removed if they do not clear or are not successfully processed.

How we work out monthly payments – Repayment mortgages

If all or part of your **loan** is on a **repayment basis** we will calculate the **monthly payment** to ensure the capital element of the **loan** or the relevant part is repaid over the **term**.

Please note that if you miss any **monthly payment** and/or incur **expenses** we may not necessarily change the **monthly payment** until some other event occurs which would allow us to do so (as described in the section “Changes to the monthly payment” below). This means you could be incurring additional interest which is not covered in the **monthly payment** before the change is introduced.

How we work out monthly payments – offset mortgages

If your **loan** is provided under an **offset mortgage** the **monthly payment** will be calculated on the basis of the **existing loan conditions** that apply to your **offset mortgage**. Please see condition 4.10 for more information about this.

First and last monthly payments

After **completion**, we will write to you to confirm whether you need to make an adjusted payment to reflect interest due for the period between **completion** and the first **payment day**. This may be more or less than your usual **monthly payment**.

After **completion** we will confirm when the final **payment day** will be. Shortly before you repay the **mortgage debt** at the end of the **term**, we will calculate the final **monthly payment** to be made to reflect the amount of interest that has become payable since your last **monthly payment**.

Changes to the monthly payment

We can change the amount of the **monthly payment** by agreement with you or for any of the following reasons:

- changes to the **interest rate**;
- changes to the **mortgage debt** (including overpayments or one-off early repayments that are paid towards the capital outstanding);
- changes to the **payment day**; and
- changes to ensure the **mortgage debt** is fully repaid by the end of the **term** (but we will not change the **monthly payment** to reflect any arrears of **monthly payments** other than by mutual agreement).
An example of the type of change we might make in this way are minor adjustments which we may make on an annual basis to make sure your exact payments and balances are aligned.

At this time we will recalculate the **monthly payment** to reflect any extra interest as well. We will give you at least 14 days' notice of any changes to the **monthly payment**.

Where additional charges are added to the **mortgage debt** and are not repaid through the **monthly payment**, you will need to make sure these are all repaid at the end of the **term** (or if they become repayable earlier).

If we calculate the amount of a new **monthly payment**, we will still be entitled to demand immediate payment of any shortfall due of any **monthly payment** and any other money which you owe us at the time of the recalculation.

The recalculation does not prevent us from taking any action we could take under the **mortgage**.

Application of payments – between accounts

Where you have more than one **account** and you make a payment that is less than the **monthly payments** due for all your **accounts** then, unless you ask to divide the payment in a particular way between the **accounts**, we will try to contact you to discuss how to apply the payment. If we are unable to contact you within a reasonable period, we will apply the payment received in the following order until it has all been used:

- any **account** which is in arrears (or where there is more than one **account** which is in arrears, to the one with the highest **interest rate** at the date the payment is received and then to the **account** with the next highest etc.) to the extent required to clear the arrears
- with the remainder being applied equally between your **accounts**

Application of payments – within an account

We will apply any payment made by you in the following manner within each **account**:

- first to any arrears of **monthly payments**;
- then to pay any unpaid interest;
- then to any unpaid **expenses**;
- with any remaining amount being used to pay outstanding capital.

We can change this order in any way provided it does not disadvantage you (or would conflict with any legal or regulatory requirements on us) by giving you at least 14 days' notice.

Changes to the payment day

We may change the **payment day** from time to time after the first **payment day** for any of the following reasons:

- because of any changes in technology or our systems; or
- because of the technology or systems of a **transferee**.

We will give you reasonable notice before the change takes effect and this will be at least 30 days.

You can also ask us to change the **payment day** after the first **payment day**. We will act reasonably in considering such a request from you. The change may take effect from the following month if at least 25 days notice is provided.

We may postpone changing your **payment day** if the change would mean that a **monthly payment** is missed in a calendar month.

4.3 Interest

This condition sets out more detail about how we charge interest on the mortgage debt.

The **interest rate** is an annual rate. Interest will be charged at the **interest rate** on the **mortgage debt** on a daily basis based on a 365 day year. Interest is added to the **account** monthly in arrears (calculated on the number of days in the preceding month) on each **payment day**.

There may be more than one **interest rate** applying to different parts of the **mortgage debt** as described in the **offer**. These conditions apply to each such rate as applicable.

We will debit the **loan** to the **account** along with any fees or other **expenses** added to it on **completion**. If the **loan** is made by instalments, or you have **additional borrowing**, we will debit the **account** with each instalment or **additional borrowing** when we pay the relevant amount to you or the legal adviser.

Interest will be charged from the date on which we debit the **account** with a **loan** and/ or any fee or charge as applicable (or, in the case of **expenses**, from the date that we incur them). We will charge interest up to the date the **mortgage debt** is repaid.

As we define **completion** for these purposes as the date we send the **loan** to the legal adviser, which will usually happen before the date any purchase or remortgage of the **property** occurs, this means that interest may start being charged before the date of purchase or remortgage of the **property**. This should not be more than a few days and it is the responsibility of the legal adviser to repay any interest they earn on the money we send to them while they are holding it.



When interest starts to be charged

Step 1

Your mortgage account is opened. We'll send the funds to the legal adviser to complete your transaction. Interest is charged from now.



Step 2

The legal adviser will send the funds to your seller (purchase) or current lender (remortgage). This should be within a few days of Step 1.



Step 3

You'll make your first monthly payment which will cover the interest since your mortgage account opened and your payment for the following month. This is typically higher than your standard monthly payment.



Step 4

Your standard monthly payments begin. This is typically a month later than Step 3.

Payments made to reduce the **mortgage debt**, including those that form part of the **monthly payment**, will reduce the amount on which we calculate interest from the date we receive cleared payments to the **account**. Any interest which is not paid on the relevant **payment day** will itself form part of the **mortgage debt** and you will be charged interest on it from that **payment day** until it is paid.

We will continue to charge interest at the **interest rate** after any court order requiring payment of the whole or any part of the **mortgage debt** and/or after sale of the **property** if there is a shortfall.

Changes to the interest calculation

If we change our systems and procedures then we may change the method we use to apply and calculate interest. Any such change must not be to your disadvantage. We will tell you at least 30 days before any such change.

A **transferee** may also need to change the method of calculating interest described in this condition to reflect their systems and procedures and they will tell you at least 30 days before any such change. Any such change must not be to your disadvantage.

4.4 Changes to the Standard Variable Rate

This condition sets out how and when we can change our Standard Variable Rate.

We can, acting proportionately and reasonably, change the **Standard Variable Rate** at any time if we reasonably believe the change is to your advantage or is needed for any one or more of the following reasons (which may relate to circumstances existing at the time or those which are reasonably expected to apply in the near future):

- to respond to changes in the general law or decisions of the Financial Ombudsman Service;
- to meet our regulatory requirements;
- to reflect new industry guidance and/or codes of practice which seek to raise standards of consumer protection;
- to respond to any changes in the **Bank of England base rate**, other specified market rates or indices or tax rates;
- to reflect other reasonable costs in providing the **loan** (or, if the **loan** is made up of more than one part, that part of the **loan** which is, or those parts of the **loan** which are, at a variable rate) (including the cost to us of providing the **loan**).

If the **offer** contains an interest rate guarantee in respect of a variable **interest rate**, any change in the **interest rate** will not impact the terms of that interest rate guarantee for the period it is stated to apply in the **offer**.

If the **offer** states that the **interest rate** is calculated at a discount to the **Standard Variable Rate** for some or all of the **term**, in no circumstances will the **interest rate** fall below 0%.

If the **interest rate** currently charged on your **loan** is calculated using the **Standard Variable Rate**, we will tell you if we change the **Standard Variable Rate**. We will do this by putting the new **Standard Variable Rate** on our **website** and will also tell you what the rate is when we tell you what your new **monthly payments** will be. Any change in the **Standard Variable Rate** will take effect when we make it.

The **monthly payment** will be recalculated following a change in the **interest rate** as set out in condition 4.2.

A **transferee** may use its own standard variable rate in place of the then current **Standard Variable Rate**. If so, they will notify you at least 30 days prior to such change. This new rate will become the **Standard Variable Rate** and may be varied in accordance with this condition.

4.5 Changes to the Bank of England base rate

This condition sets out how we will make changes to any interest rate which is a tracker rate linked to the Bank of England base rate.

If the **interest rate** is described in the **offer** as linked to the **Bank of England base rate**, then during the relevant **product period** the **interest rate** will change to reflect any changes to the **Bank of England base rate**, but in no circumstances will the **interest rate** fall below 0%.

Interest rate changes will take place the day after the **Bank of England base rate** changes.

The **monthly payment** will be recalculated following a change in the **interest rate** as set out in condition 4.2.

If any of the **term** remains after the relevant **product period** has expired, the **interest rate** will then be linked to the **Standard Variable Rate** as described in the **offer** and this may change as described in condition 4.4).

4.6 Early repayment, overpayments and moving property

This condition deals with making overpayments or early repayments of all or part of the loan and what happens if you choose to move property.

Overpayments

You can make overpayments (that is, where you pay us more than the amount of your **monthly payment**) in accordance with the **offer** and this condition.

You can either make regular monthly overpayments by adding the amount to your **monthly payment** or you can make one-off payments.

Regular monthly overpayments

If you wish to make regular monthly overpayments you must set these up beforehand by setting up another **Standing Order** for the amount of the overpayment so that this separate **Standing Order** can be collected with your **monthly payment**.

You can set up, discontinue or change a monthly overpayment any time after **completion** by changing the amount of your **Standing Order** for that overpayment. You should review the amount of any regular monthly overpayment following any change in the **interest rate**.

One-off payments

You can make one-off payments in accordance with the **offer** and this condition at any time by notifying us in writing or by telephone; and

- by transferring money from a **first direct** or an HSBC current or savings account (although this will be subject to the conditions of that account) via Online Banking or the Mobile App; or
- by transferring money from an account held with another UK bank or building society.

Effect

With regular monthly overpayments and one-off payments we will recalculate the outstanding balance of the **mortgage debt** for the purposes of calculating interest on the day we receive the payment in cleared funds. Unless you have asked us to recalculate your **monthly payment** or we have agreed otherwise, we will not recalculate your **monthly payment** unless any of the following events has occurred:

- there has been a change in the **interest rate**;
- any **product period** has expired;
- we have agreed to change any of the terms of your **mortgage** (for example the **payment day**, **term** or from or to a **repayment basis**);
- you have stopped making the regular monthly overpayments or changed the amount of them.

If you have a repayment mortgage, any regular monthly overpayments or one-off payments:

- cannot be refunded once credited to the **account** unless we have been responsible for incorrectly crediting them to that **account**; and
- cannot be used by you at a later date to offset against any separate payment shortfall.

Early repayment charges

If you make regular monthly overpayments or a one-off payment (over any annual overpayment allowance described in the **offer**) or repay in full, an early repayment charge may apply as set out in the **offer**.

An early repayment charge may also apply where you switch to a new product with us during any period when the **offer** states that an early repayment charge may apply.

We will not charge an early repayment charge if the **mortgage debt** is repaid in full on your death (or on the first death where there is more than one of you) unless either of the following events have occurred:

- you have failed to fulfil any terms of the **mortgage**; or
- any of the information or financial details which you gave to us (or which were given on your behalf) either when you applied for the **mortgage** or during the term of the **mortgage** and which have a material effect on our decision to lend or continue to lend is false or inaccurate.

If you move from the **property** during any **product period** and pay an early repayment charge but then you buy another property and:

- we give you a new loan as described in the section “**Moving property**” below; and
- the money for the new loan is provided to you and used to buy that new property within six months of the date you paid the early repayment charge

then we will refund you the full amount of the early repayment charge.

Moving property

If you move **property** during the **term** we may agree to lend you the same amount that was the balance of the **mortgage debt** at the same **interest rate** over the same duration (or, where the **loan** is in more than one part, **interest rates**) then remaining provided that:

- we are satisfied with your credit history;
- we are satisfied the new property being offered as security is acceptable to us (a new legal charge may be required in some cases);
- we are satisfied the new lending meets our standard lending policy and assessment criteria at the relevant time; and
- the new loan is used to buy the new property with no change in parties to the loan (unless there is an agreed transfer of equity) and the existing **mortgage debt** is repaid in full. Where the parties do not want to take out the new loan jointly with each other (for example owing to separation or divorce) we may agree to lend each party up to the same amount as their agreed proportion of the **mortgage debt** at the same interest rate(s) for a period equating to the remainder of the **term**.

Example



Current property

Current mortgage

- £150,000 mortgage debt
- 2.09% fixed rate –
1 year 6 months remaining
- 10 year term remaining



New property

You need a mortgage of £250,000

You may be able to move up to:

- £150,000 mortgage on the same terms as your current mortgage

Then you would need:

- An extra £100,000 funds which will be on a new rate available at the time.

If we agree to lend more than the balance of the **mortgage debt** at the time you move property, then as well as borrowing the same amount as above, you can choose from our then current product range to borrow the additional amount subject to availability, the terms and conditions of the product(s) concerned and our standard lending policy and assessment criteria which apply at the time.

4.7 Expenses

This condition explains how we can charge fees and expenses for matters which arise during the life of your mortgage.

You must pay our **expenses** in full as they are incurred and when we ask you to pay.

We will try to give you advance notice of **expenses** we incur, but this will not always be possible.

Where our agreement is needed to do anything set out in these terms and conditions, we may charge a reasonable fee for considering your request, whether or not we give it.

If you do not pay an **expense**, we will debit the **expense** to the **account** and it will form part of the **mortgage debt**. Where you have more than one **account** the **expense** will be added to the **account** with the lowest **interest rate**. Interest will be charged on it as described in condition 4.3.

Other taxes and costs may exist that are not imposed by us.

Tariff

We may recover some of our **expenses** by charging fees as set out in the **tariff**. You may obtain a free copy of the **tariff** from our **website** or at any time on request.

Where you have a choice as to whether you incur a fee (for example if it is a fee connected to an **application** for **additional borrowing** or for a new type of **mortgage**) and you make a new **application** and a new **offer** is issued for that, these fees can be changed for any reason.

Otherwise, we can, acting reasonably and proportionately, reduce or abolish any other fee shown in the **tariff** at any time and we can increase or introduce any other fee for one or more of the following reasons:

- to reflect any changes or reasonably anticipated changes in the law, regulations or codes of practice or to respond to a decision by a court, ombudsman or regulator;
- to reflect changes which we may reasonably make in any activity we carry out or the services we provide or to provide new services; or
- to reflect the costs which we reasonably incur in providing relevant services and carrying out relevant activities.

Before we increase or introduce a fee we will tell you.

Conditions applying to your property

4.8 The property

This condition sets out your main responsibilities to us in relation to the property and includes references to legal obligations. You should ask your legal adviser about these.

Insuring the property

The **property** must be insured from **completion** against all loss and damage and covering such risks as set out in these conditions. We are not required to check the adequacy of the insurance cover. The insurance must be paid for and maintained either:

- by you; or
- by a landlord or other party where required under the terms of a lease of the **property**.

For our further requirements relating to insurance please see condition 4.11.

Occupying the property

You must occupy the **property** as your main residence unless we have agreed in writing that you can let the **property** or to it not being used as your main residence.

You must have vacant possession of the whole of the **property** at **completion**. This means that at completion no one is living at the **property**.

Other occupiers

You must tell us before **completion** of anyone who will be at least 17 years old at **completion** who will be living at the **property** and who has not signed the **mortgage deed**. Such person must sign a specific document confirming they agree to the mortgage and that our rights as lender have priority over any right they may have in the **property**.

What you will do

You agree that you will:

- keep the **property** in good repair and condition (and put it into good repair and condition if it is not at any time);
- keep all the utilities and any testing systems on the **property** in good working order;
- allow us to enter the **property** on reasonable advance notice and to inspect it and to carry out work which we have requested you to do and which you have failed to do within a reasonable time;
- keep to all restrictions, covenants, burdens, conditions and laws which affect the **property** or its use;
- if you receive any notices about the **property**, send us a copy within a reasonable time and keep to the requirements of the notice, and our reasonable requirements about the notice;
- pay all taxes, rates, charges and other money payable in respect of the **property** on time and produce the receipts to us within a reasonable period if we ask you to; and
- if the **property** is leasehold:
 - comply in full with your duties under the lease;
 - send us a copy of any legal notice which you give in respect of the lease;
 - inform us of any proposal to convert the leasehold title to commonhold (England and Wales only);
 - if the term of the lease is extended (or if you gain the freehold or heritable title) you must sign a new **mortgage deed**, incorporating these conditions, giving us a legal charge or mortgage (or, where the **property** is in Scotland, standard security) over the extended term or the freehold or heritable interest if we ask;
 - where the **property** is located in Northern Ireland, inform us of any proposal and/ or application to buy out the ground rent for the **property**.

What you will not do

Unless we agree otherwise in writing, you must:

- not significantly alter the structure of the **property** or add anything to it or demolish all or any core part of it or change its use. Where necessary, you must also get the approval of the local planning authority to any changes and any other consent needed;
- not carry on (or allow to be carried on) any trade or business at the **property**;
- not grant or agree to grant any lease, tenancy or licence of the **property**, and where the **property** is located in England and Wales, exercise any right you have under the **LPA** or, where the **property** is located in Northern Ireland, under the **1881 Act** and/ or the **1911 Act**, to grant leases except where you have our written consent to let the **property** and you are letting the **property** in accordance with these conditions;
- create or allow to exist any security over the **property** other than the **mortgage deed**;
- dispose of, share or part with possession of the **property** or any of it (except where you have our written consent to let the **property** and you are letting the **property** in accordance with these conditions);
- if the **property** is leasehold, surrender or renounce the lease, agree to any changes in its terms or do anything so as to allow the landlord to forfeit or terminate the lease;
- if the **property** is subject to a lease, accept or grant a surrender or renunciation of that lease or agree to change any of its terms;
- leave the **property** empty for more than 60 days;
- allow any other person to be registered as the owner of the **property**;
- knowingly cause or allow the **property** to become unlawfully contaminated; or
- negotiate, settle or waive any claim for loss, damage or compulsory purchase in respect of the **property**.

Getting our consent

Where you are required to ask for our consent under this condition, you must contact us in writing, by secure email via Online Banking (if you are registered for it), or by telephone. We will act reasonably in deciding whether or not to give it and if so on what conditions.

4.9 The mortgage deed

You will sign a mortgage deed charging (providing security over) the property to us. This condition explains certain aspects of how our security works.

Unless we have already agreed in writing, the **security** created by the **mortgage deed** is the only **security** which is allowed to exist over the **property**.

The **mortgage deed** is a continuing security for the **mortgage debt**. This means that we do not have to release the **mortgage deed** until you have repaid the **mortgage debt**.

When you sign the **mortgage deed**, you also allow us to have and use:

- any rights you have under any agreement or guarantee relating to the **property**;
- any rights you have to claim damages in relation to the **property** (such as a claim arising from a misrepresentation about the value of the **property** or against someone who has damaged the **property**);
- any rights you have to shares in a management or residents' company or similar association because of your interest in the **property**;
- all rights which benefit the **property**;
- any right you may have to compensation or insurance money which relate to the **property** (including, where the **property** is located in Northern Ireland, the right to any compensation you may receive under a **criminal damage claim**);
- any right you may have to extend the term of any lease of the **property** or to take a new lease or acquire the freehold or heritable or other interest in the **property**; and
- any leasehold or freehold or heritable interest in the **property** which you acquire after the date of the **mortgage deed**.

You must take any action which we reasonably request you to take in respect of these rights. You must sign a document transferring any of these rights to us as security for the **mortgage debt** if we ask you to. This document will be prepared by us and may incorporate these conditions.

Shortfall on sale

If, when we sell the **property**, the money we receive (having deducted all relevant costs and expenses) is not enough to repay all of the **mortgage debt**, you must pay the shortfall to us immediately. You are required to pay interest on any shortfall at the **interest rate** until the **mortgage debt** is paid in full.

4.10 Existing mortgages and loans

The condition explains which parts of these conditions do not apply and how the existing terms and conditions continue to apply in the context of existing mortgages and loans.

This condition only applies where you have an existing mortgage deed incorporating a different set of mortgage deed terms and conditions and this is remaining in place, or if you are signing a mortgage deed but have an existing mortgage loan which remains in place under existing terms and conditions.

Existing mortgage deeds

Where there is an **existing mortgage deed** these conditions will apply to any **loan** made under an **offer** that refers to these conditions except:

- conditions 4.8, 4.9, 4.11 - 4.16, 5.1 and 5.2 do not apply; and
- the **deed conditions** continue to apply to our **security** over the **property** both to the **loan** and to any other mortgage loans made which are secured by the **existing mortgage deed** and which do not incorporate these conditions (and any other terms and conditions of such other loans will continue to apply to these other loans);
- despite the above, any **loan** that refers to these conditions that forms part of the **mortgage debt** will however (in addition to any rights under the **deed conditions**) also become repayable in the same circumstances as if the relevant part of condition 4.12 (or condition 4.15 if the **property** is in Scotland), “**Events on which the mortgage debt becomes payable**” applied.

Existing loans

Where there is an **existing loan** and you sign a **mortgage deed** incorporating these conditions, these conditions will apply to the **existing loan** (the agreement for which will for the avoidance of doubt be an **offer** and the obligations in respect of it form part of the **mortgage debt** and the **mortgage**) except that:

- conditions 3.1, 3.2, 4.1-4.7, 5.3, and 5.4 do not apply; and
- the **existing loan conditions** continue to apply to the **loan**.

4.11 Insurance

As the property is our security for the loan it must be insured. This condition sets out more information about our requirements.

As well as your obligation to insure the **property** referred to in condition 4.8, you must ensure that insurance cover is maintained throughout the **term** and that:

- the minimum amount of cover is the reinstatement value of the **property** (this means the insurance cover must be sufficient to provide a sum to cover the cost of rebuilding the **property** in its entirety);
- you provide us with reasonable details of the insurance and evidence satisfactory to us (acting reasonably) that it is in force whenever we reasonably ask you to;
- you do not do anything which could make it more difficult or expensive to keep the **property** insured; and
- you inform your insurer if you are letting the **property**.

You must tell us promptly of any significant damage that may give rise to a claim under the insurance and, where the **property** is located in Northern Ireland, under any **criminal damage claim**.

Insurance proceeds

You must keep any money you receive under the insurance (and, where the **property** is located in Northern Ireland, under any **criminal damage claim**) for our benefit and promptly pay it to us if and when we ask you to. You agree that we will have full power to settle and adjust claims under the insurance with the insurer.

Any money payable under the insurance (and, where the **property** is located in Northern Ireland, under any **criminal damage claim**) will be used as you choose (subject to any requirements of the insurers) either:

- to make good the loss or damage in respect of which the money is payable; or
- to reduce or repay the **mortgage debt**.

Failure to maintain insurance

If you fail to maintain or obtain insurance in accordance with this condition 4.11 we may obtain it and pay any premiums and other costs which, will be considered **expenses** and will be debited to your **account**.

If we cannot find an insurer who will insure the **property** on terms acceptable to us, we may instead take out a policy to cover us against the risk of us suffering a financial loss because the **property** is uninsured. The reasonable costs of this policy will be considered **expenses** and will be debited to the **account**.

Criminal damage claims (Northern Ireland only)

If the **property** is located in Northern Ireland and you fail to promptly conduct any **criminal damage claim** which may be necessary or reasonably expected in respect of the **property**, we may do so on your behalf.

Commission

We may keep any commission or other benefit which we receive if we arrange the insurance of the **property**, and we are not under any duty to give you details of any such commission or benefit.

Our rights if you fail to repay the mortgage

Don't be afraid to let us know if you're experiencing financial difficulty. At **first direct**, we are dedicated to help you overcome any financial difficulties that you are facing. The sooner you get in touch, the easier it is for us to help you find the best possible solution for your personal circumstances and don't worry, just talking it through won't affect your credit rating. Whether it's due to an illness, salary reduction, or other personal reasons, if you're unable to pay a monthly payment, please do contact us as soon as possible.

4.12 When the mortgage must be repaid and what we can do if it is not

This condition sets out the circumstances when we can require you to repay the mortgage early and what we can do if you do not repay it when this happens.

In certain circumstances, we will have the legal right to sell the **property**. We have this legal right because it is set out in these conditions, the mortgage deed and under a specific law, known as the **LPA**. This legal right will be available from the date of the **mortgage deed**, but we will only use it as set out in this condition.

Events on which the mortgage debt becomes payable

If any of the following happen and we demand repayment, you must repay the **mortgage debt** immediately. If:

- you are more than one month late in payment of any money which is due under the **mortgage** and the total amount which is overdue is equal to 2 **monthly payments** or more;
- you fail to repay the **mortgage debt** at the end of the **term**;
- you breach any of your other significant responsibilities to us under the **mortgage**, and such breach is either incapable of remedy or, if capable of remedy, is not remedied within such reasonable period of us requesting you to remedy it in writing;
- we become aware of any serious misrepresentation or missing information about you or the **property**, and that misrepresentation or missing information has or would have had a significant effect on our decision to make the **loan**;
- a bankruptcy order is made against any of you or any of you applies for an interim order or enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent happens in any other jurisdiction);
- a mortgagee or other person with an interest in the **property** starts proceedings for possession or to realise their interest or otherwise to enforce their interest;
- the **property** is sold, abandoned or compulsorily purchased;
- you die (if there is no surviving **borrower** left);
- the **mortgage deed** is not registered within the expiry of any priority period for registration or it is not registered as a first legal charge and you have failed to assist us to remedy the position;
- we can demand repayment of amounts secured under any other **security document**;
- any other event occurs which you have agreed in writing would allow us to demand repayment.

After demand

If any of these events happen and we have demanded repayment of the **mortgage debt** and/or any arrears, and you have failed to make any such repayment, we may do any of the following things:

- require you to leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent;
- sell, agree to sell, or grant an option over the **property** on any terms we reasonably decide, using the power of sale under these conditions and the **mortgage deed**. The restrictions on the power of sale in Section 103 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 20 of the **1881 Act**) and what has to happen before we can exercise this will not apply;
- appoint a receiver as described in condition 4.14;
- exercise all the other powers given to mortgagees by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) or by a receiver under these conditions;
- vary, end, renew or accept surrenders of leases or tenancies of the **property**:
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a surrender;
 - with any rights relating to other parts of the **property**;
 - containing any covenants on the part of us or anyone else; and
 - otherwise on terms which we, acting reasonably, think fit;
- make any arrangements or compromises about any lease of the **property**, any covenants, conditions or restrictions relating to the **property** or anything else;
- grant or agree to grant a lease or tenancy of the whole or any part of the **property** (and the restrictions on granting leases in Section 99 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 18 of the **1881 Act** and Section 3 of the **1911 Act**) will not apply to us);
- carry out repairs, improvements, alterations or additions to the **property**;
- apply for any planning and other consents;
- acting on your behalf (and at your cost), remove, store, sell, rent or in any other way deal with any of your belongings or those of any other person staying in the **property** after we have given written notice to you requiring them to be removed. We will not be responsible for any loss or damage caused by exercising this power unless we have failed to take reasonable care in dealing with the belongings. You will be entitled to the proceeds of sale of such belongings (after we deduct our reasonable sale costs);
- (where the **property** has been let) notify the tenant of the existence and amount of any arrears of **monthly payments**.

4.13 What happens to any proceeds we receive (all customers)

Purchasers

No purchaser who acquires an interest in the **property** is obliged to see whether we have complied with this condition 4.13.

Proceeds

Any money received by us in the exercise of our powers shall be (so far as the law allows) applied in the following order:

- firstly, in payment of the costs, charges and expenses relating to the receiver's appointment and the exercise of all or any of their powers;
- secondly, in payment to us of the **mortgage debt**; and
- any balance after this shall be paid to the person entitled to it.

4.14 Receivers

This condition sets out what happens if we appoint a receiver over the property and what any receiver can do.

As described in condition 4.12 we may appoint in writing one or more persons to be a **receiver** of all or part of the **property** in certain circumstances. The restrictions contained in Section 109 of the **LPA** (or, where the **property** is located in Northern Ireland, by Section 24 of the **1881 Act**) will not apply to us. The **receiver** appointed will act on your behalf. You alone will be responsible for anything which the **receiver** does or fails to do and for their charges.

Where we appoint more than one **receiver** they may be given power to act either together or on their own.

We may agree the charges of any **receiver** and may remove the **receiver** and appoint replacements at any time.

Proceeds

To the extent permitted by law, any money received by the **receiver** in the exercise of their powers shall be applied in the following order:

- firstly, in payment of the costs, charges and expenses relating to any **receiver's** appointment and the exercise of all or any of their powers;
- secondly, in payment to us of the **mortgage debt**; and
- any balance after this shall be paid to the person entitled to it.

Conditions applying to properties in Scotland

4.15 Scotland

This condition sets out the circumstances when we can require you to repay the mortgage early and what we can do if you do not repay it when this happens.

Standard Conditions – Scotland only

These terms and conditions incorporate the standard conditions. In the event of any conflict between the terms of the standard conditions and these terms and conditions, these terms and conditions shall apply.

Events on which the mortgage debt becomes payable

If any of the following happens (which are in addition to any circumstances set out in **standard condition 9**) and we demand repayment, the **mortgage** will become enforceable and you must repay the **mortgage debt** immediately. If:

- you are more than one month late in payment of any money which is due and the total amount which is overdue is equal to 2 **monthly payments** or more;
- you fail to repay the **mortgage debt** at the end of the **term**;
- you breach any of your other significant responsibilities to us under the **mortgage**, and such breach is either incapable of remedy or, if capable of remedy, is not remedied within such reasonable period of us requesting you to remedy it in writing;
 - we become aware of any serious misrepresentation or missing information about you or the **property**, and that misrepresentation or missing information has or would have had a significant effect on our decision to make the **loan**;
 - a bankruptcy or sequestration order is made against any of you or any of you enters into any composition or arrangement with or for the benefit of creditors generally (or anything equivalent happens in any other jurisdiction);
 - a heritable creditor or other person with an interest in the **property** starts proceedings for possession or to realise their interest or otherwise to enforce their interest;
 - the **property** is sold, abandoned or compulsorily purchased;
 - you die (if there is no surviving borrower) left;
 - the **mortgage deed** is not registered within the expiry of any advance notice period for registration or it is not registered as a first ranking standard **security** and you have failed to assist us to remedy the position;
 - we can demand repayment of amounts secured under any other **security document**;
 - any other event occurs which you have agreed in writing would allow us to enforce the **security**.

After demand

If any of these events occurs and we have demanded repayment of the **mortgage debt** and/or any arrears, we may do any of the following things (in addition to the rights set out in **standard condition 10**):

- require you to leave the **property** so that we can take possession of the **property** and/or, if the **property** is let, collect the rent;
- sell, agree to sell, or grant an option over the **property** on any terms we reasonably decide;
- vary, end, renew or accept renunciation of leases or tenancies of the **property**:
 - with or without a premium or other compensation or consideration including the payment of money to a lessee or tenant on a renunciation;
 - with any rights relating to other parts of the **property**;
 - containing any covenants on the part of us or anyone else; and
 - otherwise on terms which we, acting reasonably, think fit;
- make any arrangements or compromises about any lease of the **property**, any burdens, obligations, conditions or restrictions relating to the **property** or anything else;
- grant or agree to grant a lease or tenancy of the whole or any part of the **property**;
- carry out repairs, improvements, alterations or additions to the **property**;
- apply for any planning and other consents;
- acting on your behalf (and at your cost), remove, store, sell, rent or in any other way deal with any of your belongings or those of any other person staying in the **property** after we have given written notice to you requiring them to be removed. We will not be responsible for any loss or damage caused by exercising this power unless we have failed to take reasonable care in dealing with the belongings. You will be entitled to the proceeds of sale of such belongings (after we deduct our reasonable sale costs); and/or
- (where the **property** has been let) notify the tenant of the existence and amount of any arrears of **monthly payments**.

Purchasers

No purchaser who acquires an interest in the **property** is obliged to see whether we have complied with this condition 4.15.

Proceeds

Any money received by us in the exercise of our powers shall be (so far as the law allows) applied in the following order:

- firstly, in payment of the costs, charges and expenses relating to any **receiver's** appointment and the exercise of all or any of their powers and any expenses incurred in any enforcement proceedings or in anticipation of any enforcement proceedings; and
- secondly, in payment to us of the **mortgage debt**; and
- any balance after this shall be paid to the person entitled to it.

Section 5 Other important conditions

5.1 Doing things on your behalf

In this condition we explain the authority you give us to do certain things in your name and that you must sign other documents and do other things when we ask you to.

Doing things on your behalf

If you are required to do anything under these conditions but fail to do so we may do it on your behalf. We will try to give you a reasonable opportunity to put right your failure to comply before we exercise this right, but we are not required to do so where this is not reasonably practicable.

If we exercise our rights to do this, the reasonable cost of doing so will be considered an **expense** that is charged to the **account** as described in condition 4.7.

Power of attorney

For the purposes of securing our interest in the **property**, you appoint us, and (where applicable) any **receiver** appointed by us, to be your attorney by way of **security**. This means that we (and any **receiver** appointed by us) are able to execute any document or do anything which you are required to do under these conditions. The attorney will be legally entitled to do these things on your behalf and the attorney's acts will bind you as though you had done them.

We will be entitled to delegate our power of attorney to third parties where this is reasonable in order to help us exercise our powers.

We will not be liable for anything which is done under this power of attorney unless we have not used reasonable care in exercising the power.

You may not bring this power of attorney to an end until the **mortgage debt** has been fully repaid.

Other documents

You agree to sign any document and do anything else which we reasonably ask you to do in order to:

- achieve or improve any **security** created or intended to be created for the repayment of the **mortgage debt**;
- help the exercise or the proposed exercise by us of any of our powers under the **mortgage**; and
- protect, manage or sell the **property** or any other **security** for the repayment of the **mortgage debt**.

5.2 Our other rights

In this condition we explain other rights we have under the mortgage.

Further valuations

In addition to any re-inspections required before the release of money as set out in the **offer**, we may also obtain further **valuations** of the **property** during the **term** to ensure it remains an adequate **security** for the **mortgage debt**. You will need to pay the cost of any such **valuations** but we will act reasonably in exercising our right to ensure the cost is reasonable.

You will need to give our valuer reasonable access to the **property** on reasonable notice in order to carry out such a **valuation** (which will be for our benefit only). We may choose to disclose any further **valuation** to you but we are not obliged to do so. If we do give you a copy of such a further **valuation**, please note that it will be subject to the same terms as applied to the original **valuation** referred to in condition 3.2.

Varying these conditions

As well as our rights to make changes to **monthly payments**, **payment dates**, how we calculate interest, the **interest rate**, and our **tariff** as set out elsewhere in these conditions, we may also change these conditions if we reasonably believe the change is to your advantage or is needed for one or more of the following reasons:

- to respond to changes in the general law or decisions of the Financial Ombudsman Service;
- to meet our regulatory requirements;
- to reflect new industry guidance and codes of practice which raise standards of consumer protection.

Any change will be proportionate to the reason(s) for making it.

If the change is not to your disadvantage we can make it with effect from such date as we choose. We will tell you about it within 30 days of the change coming into effect. If the change is to your disadvantage we will tell you about it at least 90 days before the change comes into effect.

Set-off and consolidation of accounts

If any of the events set out in the section headed “**Events on which the mortgage debt becomes payable**” in condition 4.12 has occurred, even if we have not demanded repayment of the **mortgage debt**, where you have any account with us which is in credit, we can set-off or transfer any credit balance on any one or more of such **accounts** towards repayment of any of the **mortgage debt** which is due and payable.

We do not have to give notice before exercising any of these rights.

Our right to transfer the mortgage

We can make a **transfer** of all or any of our rights under the **mortgage** at any time.

If we make a **transfer** of all or any of our rights under the **mortgage**, the person we transfer our rights to, known as the **transferee**, can exercise our rights and enforce your duties in the same way as we could before the **transfer**. Any **transfer** will not reduce your guarantees or rights.

By entering into the **mortgage** you agree to **transfers** and we can make a **transfer** of all or any of our rights without any further agreement from you.

We may provide any actual or potential **transferee** (or their advisers) with any information about the **mortgage**, the **account**, you or the **property**.

Circumstances beyond our control

We will not be liable to you for any loss, damage or delay which you may suffer due to strikes, industrial action, failure of supplies or equipment or other causes beyond our reasonable control.

5.3 Communicating with each other

In this condition we explain how we will communicate with each other.

How we give you notice

If these conditions require us to provide you with notice, it will be given in one of the following ways:

- we may contact you using any contact details you have given us, including your postal address, telephone number(s) (including your mobile telephone number) and email address for notices, for service or operational reasons. These include telling you about changes to these conditions or any **interest rate** and generally communicating with you about your **mortgage**;
- we may include a message on your statement or, if you are registered for Online Banking, we may also contact you using our secure e-messaging service for the same purposes outlined above;
- by post addressed to you at the **property** or such other acceptable correspondence address which you have notified to us;
- by any other method which is available by law; and
- in the case of changes to the **Standard Variable Rate**, we may also give notice by setting out the new rate on our **website** as described in condition 4.4

Any communication sent by post addressed to you at the **property** or such other correspondence address within the United Kingdom which you have notified to us will be deemed to have been received by you by the second day after it is posted even if it never arrives or is returned undelivered and notwithstanding the death of the addressee(s). Where we have agreed an address for correspondence outside the United Kingdom, any communication sent by post to that address will be deemed to have been received by you no later than the date the relevant postal service or supplier used confirms as its ordinary period for delivery even if it never arrives or is returned undelivered and notwithstanding the death of the addressee(s). Any communication sent by email, mobile messaging or secure e-message will be deemed to have been received by you immediately upon transmission unless we receive a notice that it has not been delivered.

You must ensure that any contact details you have given to us are accurate and you must let us know promptly of any changes.

Please be mindful that anyone who has access to your email inbox or mobile telephone messages may be able to access and read the communications we send to you. If you would prefer that we do not contact you for service or operational reasons by email, mobile message and/or secure e-message (via Online Banking) please let us know. Whilst we will try to use your preferred channels wherever possible, you may continue to receive important service messages via these channels, for example when we need to contact you urgently.

If there is more than one of you, a notice addressed to just one of you will count as a notice to all of you, except where we have agreed addresses for correspondence with one or more of you, in which case we will send an additional notice to that address.

How you give us notice

Any communication from you to us must be in writing and delivered either personally or by post addressed to our address as set out in the **offer** or to any other address we may notify to you for this purpose. No communication will be effective unless we have actually received it.

5.4 General

This condition explains various other matters relating to the mortgage.

Statements

We will send you a statement once a year free of charge. If you would like statements for different periods or more frequently please contact us (we may charge for these). You can also view transactions on the **account** online via Online Banking or the Mobile app if you are registered to use it.

We recommend that you check your statements when you receive them. If anything on your statement appears to be wrong please tell us as soon as possible so that we can investigate the matter and correct any errors.

If there is more than one of you, we will send statements to each of you unless:

- you both live at the same address, in which case we will only send a single statement addressed to both of you, or
- you ask us not to.

There is no charge for sending statements to each of you although we may make a charge for duplicate statements.

Mistakes

If we make a mistake in calculating the amount payable by you or make any other mistake about the **mortgage**, this will not affect any of our rights, including our ability to claim the right amount from you (whether or not the **mortgage deed** has been released) together with interest at the **interest rate** until payment.

A letter from us or receipt of payment stating the **mortgage debt** has been repaid in full does not prevent you from being personally liable if we later find out that the amount of the **mortgage debt** was understated by mistake. This condition does not affect any legal rights you may have as a result of the **mortgage debt** being understated.

The entire agreement

The **mortgage** contains the entire terms agreed between you and us relating to the **loan** and/or the **mortgage debt**.

Separation of terms and waiver

Each of the terms in these conditions (or any part of them) is separate from the others. If we cannot enforce any particular term (or any part of a term) this will not prevent us from enforcing other terms or the remaining parts of a term.

Any allowance or waiver by us in exercising our rights under these conditions will only be binding on us to the extent specified in that allowance or waiver. It will not stop us from exercising any other rights or powers we may have. If we do not take any action against you where you have failed to meet any of the terms of the **mortgage** that does not prevent us from taking action against you if you fail to meet any term in the future.

Third parties

Except if we transfer the **mortgage**, nobody will have any rights in relation to the **mortgage** unless they are a party to the **mortgage** and any laws that provide rights to parties that are not party to the **mortgage** do not apply.

Applicable law and language

If the **property** is located in England or Wales, the **mortgage** is governed by English law and the courts of England and Wales have jurisdiction over any claim or dispute arising from it.

If the **property** is located in Scotland, the **mortgage** is governed by Scottish law and the courts of Scotland have jurisdiction over any claim or dispute arising from it.

If the **property** is located in Northern Ireland, the **mortgage** is governed by the laws of Northern Ireland and the courts of Northern Ireland have jurisdiction over any claim or dispute arising from it.

We will only communicate with you in English.

5.5 Privacy

This condition explains where you can find further information on our rights to your information.

Your privacy is important to us. Our Privacy Notice explains how we collect, use, disclose, transfer and store your information and sets out our rights to your information. A copy of our Privacy Notice will be provided to you separately and we will inform you when we make any changes to it. You can also find a copy at www.firstdirect.com/privacy, or you can ask for a copy in branch or by telephone.

5.6 Your responsibilities to provide us with information

This condition explains your responsibilities to provide us with certain information.

If we make a reasonable request for information, you must provide it to us as soon as possible. If you do not provide it to us, or if we suspect fraudulent or criminal activity of any kind:

- you might not be able to carry on doing some or all of your banking with us anymore;
- we might try to get it from another source ourselves.

It is your responsibility to make sure the information you give us is accurate and up to date, and you must tell us if anything changes, within 30 days.

Tax Compliance

Meeting your tax responsibilities is your own responsibility. These relate to the opening and use of accounts and services provided by members of the **HSBC Group**. Some countries' tax laws may apply to you even if you do not live there or are not a citizen of that country. **Connected persons**, who are people connected with you that are relevant to your relationship with us, are responsible for their own tax obligations. As you are responsible for your own tax obligations (and **connected persons**, for theirs), no **HSBC Group** member is responsible for this nor provides tax advice. It is your responsibility to seek independent legal and tax advice.

5.7 Actions we may take in order to prevent financial crime

This condition explains what actions we may take in order to prevent financial crime.

Members of the **HSBC Group** are required and can take any action necessary to meet **compliance obligations** relating to or in connection with the detection, investigation and prevention of **financial crime** ("**financial crime risk management activity**"). Such action may include, but is not limited to:

- screening, intercepting and investigating any instruction or communication sent to or by you or a **connected person**, or on your or their behalf;
- investigating the source of or intended recipient of funds;
- combining **customer information** with other related information in the possession of any member of the **HSBC Group**; and/or
- making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming their identity and status.

In some limited circumstances our **financial crime risk management activity** may lead to us:

- delaying or refusing to either process a payment or your instructions;
- being unable to provide all or part of the **services** to you and ending our entire relationship with you;
- taking necessary steps for any member of the **HSBC Group** to meet the **compliance obligations**; and/or
- blocking or closing your account(s) (although not any of your mortgage account(s)).

To the extent allowed by law, no member of the **HSBC Group** shall be liable to you or any third party in respect of any loss (however it arose) suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of **financial crime risk management activity**.

Section 6 The meaning of terms we use in Sections 1-5

“1881 Act” The Conveyancing and Law of Property Act 1881.

“1911 Act” The Conveyancing Act 1911.

“account” An account that we open for our records for each **loan** (or where there is more than one part to a **loan**, each part) and in which we will record the balance of the **mortgage debt** relating to that **loan** (or part).

“additional borrowing” Any money we agree to lend to the **borrower** on the **security** of the **property** (as identified in the relevant **offer**) after **completion** of the first **loan** we made and which was not an amount originally held back from that **loan**.

“application” The application information relating to the **mortgage** which was supplied by the **borrower** or on the **borrower’s** behalf.

“authorities” Includes any judicial, administrative, public or regulatory body, any government, any **tax authority**, court, central bank or law enforcement body, or any of their agents with jurisdiction over any part of the **HSBC Group**.

“Bank of England base rate” The rate decided by the appropriate committee of the Bank of England (or any successor authority) as being the Bank of England base rate.

“borrower” The person(s) to whom we make the **loan** and named in the **offer**.

“business day” Any day other than Saturday, Sunday, or a day which is a public holiday or bank holiday in England and Wales.

“completion” The date on which a **loan** is first released to you or your legal adviser (which may be referred to as ‘Drawdown’ in the **offer**).

“compliance obligations” means obligations of the **HSBC Group** to comply with:

- **laws** or international guidance, and internal policies or procedures;
- any demand from **authorities** or reporting, disclosure or other obligations under laws; and
- **laws** requiring us to verify the identity of our customers.

“connected person” Means any natural person or legal entity (other than you) whose information (including **personal data** or **tax information**) you provide, or which is provided on your behalf, to any member of the **HSBC Group** or which is otherwise received by any member of the **HSBC Group** in connection with the provision of the **services**.

A **connected person** may include any guarantor or any other persons or entities with whom you have a relationship that is relevant to your relationship with the **HSBC Group**. A **connected person** may include any guarantor or owner of a legal estate in land over which we are to take security, provider or recipient of a payment or any other persons or entities with whom you have a relationship that is relevant to your relationship with the **HSBC Group**.

“criminal damage claim” Any claim made by you or in your name under the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in relation to the **property**.

“customer information” Means your **personal data**, confidential information, and/or **tax information** or that of a **connected person**.

“deed conditions” Where condition 4.10 applies, any terms and conditions incorporated into the **existing mortgage deed** as described in that condition.

“existing loan” A mortgage loan which we have made and which is subject to **existing loan conditions** but which is now to be secured by a **mortgage deed** which incorporates these conditions.

“existing loan conditions” A different set of our terms and conditions (which are separate from these) which were applied to a mortgage loan when we previously entered into it. These may have been called our “Offset Mortgage Loan Terms and Conditions” or our “Repayment Mortgage Loan Terms and Conditions” and then given a particular year reference depending on when made. These are relevant in the case of an **existing loan** as set out in condition 4.10.

“existing mortgage deed” A **mortgage deed** which has already been signed and which incorporates **deed conditions** but which are not these conditions.

“expense”, “expenses” The reasonable costs and expenses we incur in:

- providing a service in connection with the **mortgage** or the **property**;
- collecting or recovering all or any of the **mortgage debt**;
- bringing or defending any legal proceedings relating to the **mortgage**, the **mortgage debt** or the **property**;
- protecting, or enforcing any **security** for the **mortgage debt**;
- considering any request for consent or approval as required under the **mortgage**;
- insuring the **property** in accordance with the **mortgage**;
- remedying any breach of the **mortgage** by you;
- exercising any of our rights or powers under the **mortgage** or under law;
- releasing the **property** or any other security we hold for the **mortgage debt**.

Our **expenses** will include fees, costs, charges, and expenses which we have to pay to third parties. We may charge some or all of our expenses by way of those fees set out in the **tariff** but we are not obliged to do so.

“financial crime” Means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or break any laws relating to these matters.

“financial crime risk management activity” Means any action to meet **compliance obligations** relating to the detection, investigation and prevention of **financial crime**. This may include:

- screening, intercepting and investigating any communication, application for **services** or any payment, whether sent to or by you or on your behalf;
- investigating the source of or intended recipient of money;
- combining **customer information** with other related information in the possession of the **HSBC Group**; and/or;
- making further enquiries as to the status of a relevant person or entity (whether they are subject to a sanctions regime or confirming their identity or status)

“HSBC Group” and “any member of the HSBC Group” Means HSBC Holdings plc, and/or any of its affiliates, subsidiaries, associated entities, and any of their branches or offices, and includes HSBC UK Bank plc.

“interest rate” The rate or rates of **interest** which we charge on the **mortgage debt** as set out in the **offer**. These may change under these conditions and as set out in the **offer**.

“laws” Any local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the **HSBC Group** and an **authority**, or agreement or treaty between authorities and applicable to us or any other member of the **HSBC Group**.

“loan” The first loan we make to you which is expressed in the relevant offer to be secured on the **property** and is outstanding at any given time, and any **additional borrowing**.

“LPA” The Law of Property Act 1925 (England and Wales only).

“monthly payment” The amount which you must pay us each month, the initial amount of which is set out in the **offer**. We may change the **monthly payment** under condition 4.2.

“mortgage debt” This means all of the money which you owe us under the **mortgage** at any time. This will include:

- the amount outstanding of each loan; and
- any unpaid interest, fees, expenses and any early repayment or other charge

“mortgage deed” England, Wales and Northern Ireland:

The document to be signed or which has already been signed by you to give us **security** over the **property**, and which incorporates these conditions (unless condition 4.10 provides that it is an **existing mortgage deed** and will incorporate the **deed conditions**). It is also sometimes referred to as a legal charge.

Scotland:

The document to be signed or which has already been signed by you to give us **security** over the **property**, and which incorporates these conditions (unless condition 4.10 provides that it is an **existing mortgage deed** and will incorporate the **deed conditions**) and the **standard conditions**. It is sometimes referred to as the standard security.

“mortgage” The legal agreement between you and us and which is set out in:

- the declarations provided by you or on your behalf in the **application**;
- these conditions;
- the **offer**;
- the **mortgage deed**;
- the **deed conditions** or the **existing loan conditions** (if condition 4.10 provides that they apply);
- the **standard conditions** (referred to in condition 4.15 if they apply);
- any other **security documents**; and
- the **tariff**

In each case this includes any changes we agree, or which we are entitled to make.

If the **offer** conflicts with these conditions or any other document set out above, the **offer** will take priority.

“nominated current account” means the **first direct** current account from which we collect the **monthly payment**

“offer” Either:

- the written offer by us to make any loan to you; or
- when we replace or vary a loan, any relevant written offer by us,

in each case including any changes to the **offer** or any replacement **offer** we make in writing and which we notify to you. The **offer** incorporates these conditions unless condition 4.10 provides otherwise.

“offset mortgage” Our existing offset mortgage loan that involves combining your mortgage loan with one or more of your **first direct** current and savings accounts where the credit balance maintained in those combined accounts may be used to offset the balance of your mortgage loan.

“payment day” The day in each month on which you must make the **monthly payment**. We will tell you what that day is in the letter we send after **completion**. Each **payment day** will occur on the same date of each month but:

- where this date does not fall on a **business day**, the **payment day** will be the next **business day** after it; and
- if there is no remaining **business day** in a month, the **payment day** will be the first **business day** of the following month. The **payment day** may be changed under condition 4.2

“personal data” Any information relating to an individual from which they can be identified.

“PHTSA” Private Housing (Tenancies) (Scotland) Act 2016.

“product period” The period of time during which any fixed, discounted or **Bank of England base rate** tracking **interest rate** applies as described in the **offer**.

“property” The **property** (including each and every part of it) described in the **mortgage deed** over which we hold or will take a legal charge (or, where the **property** is in Scotland, a standard security) as **security**.

“receiver” Is someone we can appoint to manage your **property**. They will have and be entitled to exercise all powers given by the **LPA** (or, where the **property** is located in Northern Ireland, by the **1881 Act** and the **1911 Act**) to a receiver and all powers given to us by these conditions (including without limiting this, to enter and take possession of the **property**).

“repayment basis” Where the monthly payments for all or a part of the loan include both an amount towards the capital and an amount towards the interest owed. The offer will confirm if the loan or a part is provided on a repayment basis.

“security” This means the rights over things you own (such as the **property**) that you give us when you agree to these conditions and sign the **security document**. Security provides us with extra protection in the event that you do not keep up with your **monthly repayments** because one of the rights we have is to sell the **property** and use the money to repay the mortgage debt you owe us.

We require that our **security** over your **property** has priority over anyone else's.

“security document” The **mortgage deed** and any other document creating a **security** interest, encumbrance or charge which we hold at any time which secures the **mortgage debt**.

“services” These are:

- the opening, maintaining and closing of your accounts with us, including your mortgage account,
- providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment; and
- maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes.

“standard conditions” The standard conditions contained in Schedule 3 to the Conveyancing and Feudal Reform (Scotland) Act 1970 as amended.

“Standard Variable Rate”, “SVR” The applicable **Standard Variable Rate** (or any equivalent replacement to this we introduce) as identified in the **offer** and varied in accordance with condition 4.4 (or the equivalent rate of any **transferee** if any **transferee** has such a rate and uses it following notification under condition 4.4).

Please note that the terms **“first direct Standard Variable Rate”** and the **“first direct Variable Rate”** mean the same thing and that references in documents you receive may use either term.

“Standing Order” is a regular payment from one account to another which only you fix and can amend.

“tariff” Our tariff of fees and charges as in place from time to time.

“tax authorities” UK or foreign tax, revenue or monetary authorities (for example, HMRC).

“tax information” Documentation or information about a person’s tax status, including yours.

“term” The period in which you must repay the **mortgage debt** as set out in the **offer** (and which may be changed by mutual agreement).

“transfer” A transfer, assignment, assignation, mortgage, sale or other disposal of rights (and including without limit where this is done by way of a securitisation or any other method of transfer). Please see the **offer** for more details.

“transferee” Any person who we **transfer** any of our rights or obligations under the **mortgage** to who is entitled to exercise all or any of our rights under or in connection with the **mortgage**.

“valuation” A valuation obtained by us which we will use to assess the value of the **property** and the suitability of the **property** to act as **security** for the **mortgage debt**.

“website” www.firstdirect.com or any other website we tell you about.

Privacy Notice overview

How we collect and use your information

This is an overview of:

- the types of information we collect about you
- how we collect and use it
- who we might share it with
- the steps we'll take to make sure it stays private and secure
- your rights to your information

More information

For more details about anything covered in this overview, please see our full Privacy Notice. You can view or download a copy by visiting firstdirect.com/privacy

Who we are

When we say 'we', we mean **first direct**, which is a division of HSBC UK Bank plc, who is the data controller for your personal data.

The following HSBC Group companies will act as a data controller where you hold a product or service with them: HSBC Life (UK) Limited, HSBC Trust Company (UK) Limited; HSBC Executor and Trustee Company (UK) Limited; Trustees of the HSBC Self-Invested Personal Pension.

The information we collect

We collect information about you from different places including:

- directly from you
- from a third party acting on your behalf e.g. an intermediary or broker
- from other HSBC Group companies
- from publicly available sources
- when we generate it ourselves
- from other organisations

How we'll use your information

We'll only collect your information in line with relevant regulations and law and this may relate to any of our products or services you apply for, currently hold or have held in the past.

You're responsible for making sure you give us accurate and up to date information. If you provide information for another person on your account, you'll need to tell them how to find the Privacy Notice and make sure they agree to us using their information for the purposes set out in it.

We'll use it to provide any products and services you've requested and other purposes e.g.:

- to confirm your identity and address
- to understand how you use your accounts
- to carry out your instructions
- to improve our products and services
- to offer you other services we believe may benefit you unless you ask us not to

We'll only use your information where we're allowed to by law e.g. carrying out an agreement we have with you, fulfilling a legal obligation, because we have a legitimate business interest or where you agree to it.

We may use automated systems to help us make credit decisions as well as carrying out fraud and money laundering checks.

Who we can share your information with

We use service providers who may process your data on our behalf. We may share your information with other companies we work in partnership with and other HSBC Group members. We may also share your information with others outside of the HSBC Group e.g. regulators, insurers, other banks, brokers, agents as well as credit reference and fraud prevention agencies.

How long we'll keep your information

We'll keep your information for as long as you have a relationship with us. After it ends we'll keep it where we may need it for our legitimate purposes e.g. to help us respond to queries or complaints, or for other reasons e.g. fighting fraud and financial crime, and responding to requests from regulators.

Transferring your information overseas

Your information may be transferred and stored in countries outside the United Kingdom or the European Economic Area, including some that may not have laws that provide the same level of protection for personal information. When we do this, we'll ensure it has an appropriate level of protection.

Marketing

We may use your information to provide you with details about **first direct** products and services, and also products and services from other HSBC Group companies, our partners and other relevant third parties. We may share your information with our advertising partners and social media platforms for this purpose. We may send you marketing messages by post, email, telephone, text, secure message or through social media. You can change your mind on how you receive marketing messages or choose to stop receiving them at any time. To make that change, contact us in the usual way.

Your rights

You have a number of rights relating to your information e.g. to see what we hold, to ask us to share it with another party, ask us to update incorrect or incomplete details, to object to or restrict processing of it, to make a complaint etc.

first direct

Contact us online or by phone

chat with us via our App or message us via Online Banking

03 456 100 100[†]

firstdirect.com

first direct 40 Wakefield Road, Leeds LS98 1FD.

If you'd like this document in another format eg large print, Braille or audio, please give us a call. For more information about how we make communicating with us accessible visit **firstdirect.com/accessibility**

[†]If calling from abroad **+44 113 234 5678**. For more information on contacting us via BSL video relay service or Next Generation Text Services (NGTS) visit **firstdirect.com/accessibility**. Because we want to make sure we're doing a good job calls may be monitored and/or recorded, we hope you don't mind.

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