

# **LETTON PERCIVAL LTD**

## **TERMS OF BUSINESS AGREEMENT**

### **Law and Language**

This Terms of Business is subject to English Law and the jurisdiction of the English Courts. We will use the English language for all communications, the contractual terms and conditions and any information we are required to supply to you, before and during the duration of the contract.

### **Acceptance**

The purpose of this agreement is to set out our professional relationship and detail the service we will provide to you. For your own benefit and protection, you should read all of the information carefully and, in particular, we would like to draw your attention to the 'IMPORTANT INFORMATION' section. If you do not agree to any part of the information, please tell us. We assume that you accept the terms of this agreement unless we hear from you.

### **The Regulator**

The Financial Conduct Authority (FCA) is an independent watchdog that regulates financial services and has authorised us as an Independent Insurance Intermediary.

The FCA has authorised us to advise, arrange, deal in and assist with the placing and administration of all types of General Insurance policies.

We are also authorised to undertake the following Consumer Credit Activities:

Credit Broking (where we act as a credit broker).  
Debt Administration.  
Debt Collection.  
Debt Counselling (Limited to no debt management).

Our FCA Register number is 796836 and you can check our status and permissions at [www.fca.org.uk](http://www.fca.org.uk) or by contacting the FCA on 0800 111 6768.

### **Our Fees, Commission and Charges**

We usually receive a commission from the insurance provider with whom we place your business, and in such a case, the commission will be paid to us either when we are in receipt of cleared funds from you (or the premium finance company if one has been used) or, when the insurer has received cleared funds from us in respect of the premium due under the policy. The individual agreements we have with each insurer will determine which of the two methods above is used to make this transfer of commission.

Policies voided or cancelled from inception by insurers will be treated as a cancellation and we will retain any commission and fees before returning the net premium to you. By accepting these terms of business, you agree that we may retain the portion of the premium that relates to commission that would have been due to us.

Specific charges, which apply to individual policies, will be advised to you prior to the commencement of each contract applicable to that policy. The specific charge and purpose of any additional charges will always be advised to you in advance.

You are entitled to request at any time, information about the commissions that we may have received in connection with your insurance, if you want this information please contact us.

### **Our Service**

We are an Independent Insurance Intermediary and can act both as agent of insurer, and on behalf of you, the customer. We have in place management controls to deal with any conflicts of interest that might arise. Unless we advise you otherwise, we are acting on your behalf.

We also act on behalf of insurers when collecting premiums under risk transfer.

We will ask questions to enable us to assess reasonably your insurance requirements, this may include checking information that we already hold about you and your existing insurance arrangements with us and other parties.

We will provide you with advice and guidance, after assessing what you want and need and recommend a suitable policy based on our experience of dealing with similar risks.

We will confirm to you the level of service we are providing as part of our sales process.

In all cases our service will include arranging and administering your insurance, including helping you with ongoing changes and assisting you if you need to make a claim, or where we outsource claims handling facilities to give you an enhanced service.

If we use the services of another intermediary to place your insurance we will advise you of the name of the intermediary we use and the name of the insurer. If you mislay your policy at any time, we will arrange a replacement policy document, if you request it.

### **Our Selection**

We offer products from a wide range of insurance companies and our selection usually involves presenting to a reasonable number of insurance companies that will insure for the risk at hand, and this is called a fair analysis of the market. Sometimes we will only approach one insurer, in which case we will tell you as part of our selling process.

### **Financial Strength**

We regularly assess the financial strength of the Insurance Companies and other intermediaries that we deal with. The process usually involves general observation of the

financial ratings applied by independent rating agencies such as Standard & Poor's and A M Best published with other readily available information within industry guides, newsletters and press releases. Whilst we take care to deal with companies that maintain reasonable solvency margins, we cannot guarantee their financial ability to pay claims.

## Money

We will hold money that you pay to us in accordance with the regulators rules or under a risk transfer agreement with insurers. This will include holding your money in one of the following ways.

A **statutory trust client bank account** that only allows us to use the money held in trust on behalf of a customer for paying that customer's premium to an insurance company and to pay premium refunds or claims we receive from that insurance company to the customer, once the premium has been received from that insurance company. We **cannot** use that customer's money to pay another customer's premium or refund. Also for this reason it is not possible for you to offset the refund against premiums owed on another policy. We do not pay any interest on premiums held by us in the course of arranging and administering your insurance unless, in the case of consumer transactions we receive more than £20 per transaction, and then we will ask for your permission to retain the interest. Unless you tell us otherwise, you are consenting to us holding your money in this way.

A **non-statutory trust insurer bank account** in accordance with our agreements with Insurance Companies that transfer the risk of money we receive from customers to them, these agreements deem any money you pay to us, to be received by them and they will bear the risk of any losses in the event that our firm becomes insolvent. This includes claims money or premium refunds we receive prior to being paid to you.

By holding your money in one of these ways means that in the event that this firm becomes insolvent your money remains protected.

In arranging your insurance we may employ the services of other intermediaries who are regulated by the FCA and your premium may be passed to these intermediaries for payment to insurers. These firms are also required to hold clients' money in a separate trust account. We will also inform you if at any time we are required to pass your premium to firms that operate outside the UK where the protection may be different. Should you not wish us to pass premiums to a firm outside of the UK, please inform us.

## Payment Options

We will provide you full details of all the payment options available to you when we provide you with your insurance premium.

If you choose to enter into a finance arrangement, your details will be passed to a third party (insurer or lender) to enable them to contact you and you should contact us at the address given in this document if you do not want your details passed to that party. This finance agreement will be subject to interest charges that we will confirm to you when providing the full details. Importantly, the

arrangement you will enter into will be with the finance company not us. It is an entirely separate contract irrespective of the insurance contract. In the event of your failure to meet with the contractual obligations regarding payment the finance provider could approach the insurer to seek a termination of the insurance contract to recoup their outstanding finance arrears. You will be liable to pay their costs and charges if you do not keep up your repayments and cover is cancelled under your policy. This is because the agreement is between you, the policyholder and the finance company direct, not us or the insurer.

**It is important that you read the finance agreement that is sent to you before you agree to enter into such an agreement.**

**We do not charge any fees to you for introducing you to a credit provider.**

If you are a consumer as defined under the Consumer Credit Act, you will have the benefit of a 14 day cooling off period.

**Please note: Your policy cover will cease if you fail to keep up payments on an instalment agreement or premium finance facility related to it.**

## Cancellation

**Please contact us if you wish to cancel any policy that we have arranged for you.** Customers acting outside their trade or profession (consumers) will usually have a legal right to cancel policies for any reason, subject to no claims having occurred within 14 days of receiving the full terms & conditions. You will always be advised where this Right applies. A charge may apply for the period of cover provided and, in addition, an administration charge will apply as shown in the charges section above, cancellation under this Right must be in writing, prior to expiry of the 14 day cancellation period, to our usual office address.

## Complaints

Our aim is always to provide our customers with a first class service; however, we are aware that, occasionally, it is possible that we may fail to meet your expectations. If for any reason we have not met your expectations, let us know as soon as possible, by calling our main office telephone 0151 236 4568, or write to John Leaver, Letton Percival Ltd, The Old Malthouse, Trueman Street, Liverpool L3 2BA or email [john.leaver@lettonpercival.co.uk](mailto:john.leaver@lettonpercival.co.uk)

If we are unable to resolve the issue to your satisfaction by the end of the next business day, we will formally investigate the matter. You will receive an acknowledgement of the matter together with a copy of our complaints process promptly and certainly within 5 working days. We will then aim to investigate and provide a resolution as quickly as possible, informing you of the position at no later than 4 weeks and a final response no later than 8 weeks.

If you are not happy with our response, or the position after a period of 8 weeks, you may be eligible to refer your complaint to the Financial Ombudsman Service (FOS) for an independent assessment and opinion.

The FOS Consumer Helpline is on **0800 023 4567** (free for people phoning from a 'fixed line', for example, a landline

at home) or **0300 123 9123** (free for mobile phone users paying monthly charge for calls to nos. starting 01 or 02). Alternatively you can contact them at Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR. [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

**A full copy of our complaints procedure is available on request.**

#### **Financial Services Compensation Scheme (FSCS)**

If we are unable to meet our obligations, you may be entitled to compensation from the FSCS. If we have advised or arranged insurance for you this will be covered for 90% of a claim, without any upper limit, however, compulsory classes of insurance (such as motor insurance), professional indemnity insurance and certain claims for injury, sickness or infirmity of the policyholder are protected at 100%. Further information is available for the FSCS helpline on 0800 678 1100 or 020 7741 4100 and [www.fscs.org.uk](http://www.fscs.org.uk)

The FSCS is the UK' statutory fund of last resort for customers of authorised financial services firms.

Compensation is usually payable if an authorised firm is unable or unlikely to pay claims usually because it has ceased trading or become insolvent.

#### **Insurance Premium Tax (IPT)**

Your premium detailed in the policy will include IPT at the prevailing rate. Should the rate of IPT be amended by the Government, your premium will be amended by the insurer to reflect the change.

Some policies are subject to Value Added Tax (VAT) not IPT and should the rate of VAT be amended by the Government, your premium will be amended by the insurer to reflect the change.

#### **Termination**

You may cancel this agreement with us at any time. You must provide at least 14 days written notice of instructions. We also reserve the right to cancel this agreement at any time. In any event, we will provide you with reasonably sufficient time to rearrange your insurance and we will notify you of termination in writing together with an explanation if appropriate.

## IMPORTANT INFORMATION

### WARNING – CONSUMERS (WHERE THE PURPOSE OF THE CONTRACT IS UNRELATED TO THE CONSUMER’S TRADE, BUSINESS OR PROFESSION)

#### Your duty to give information

When applying for insurance or varying an insurance policy, your broker and/or insurer will ask you question to enable the insurer to properly assess the risk prior to entering into or varying an insurance contract. It is your duty to ensure that you answer all questions fully, honestly and accurately and when providing information it is essential that you do not mislead your broker or insurer and that all information is accurate and up to date.

If you carelessly, recklessly or deliberately provide incorrect, misleading or inaccurate information to your broker or insurer, whether in response to a question or otherwise, then this may be considered a ‘qualifying misrepresentation’ which may entitle your insurer to terminate the insurance contract, decline to pay all claims and retain the premium or amend the or amend the terms of the insurance contract and decline to pay any claim in whole or in part and/or to charge you an additional premium.

**FAILURE TO ANSWER QUESTIONS HONESTLY AND REASONABLY, WHEN ASKED, MAY LEAVE YOU WITH NO COVER AND A CLAIM NOT PAID**

### WARNING – COMMERCIAL CUSTOMERS (WHERE THE PURPOSE OF THE CONTRACT OF INSURANCE IS RELATED TO THE CUSTOMER’S TRADE, BUSINESS OR PROFESSION)

#### Duty to Make a Fair Presentation

The Insurance Act 2015 places a requirement upon you to make a ‘Fair Presentation’ of your risk. This requires you to tell your Insurers about all information you know or ought to know that would affect Insurers judgement in deciding to write your cover, and on what terms. Failing that, you must give enough information so that Insurers know they need to ask further questions. In addition you are required to make enquiries of anyone who might be able to give material information within your Company.

Examples would include anything unique to your business or changes in business activities. Personal information about you, such as Criminal Convictions (you have a duty to give this information even when the insurance relates to a business and not you). General information about the risk, such as the construction of a building, (for example, concrete floor, timber frame with brick, stone and a slate roof); if you are not sure how much information to provide or do not understand the question please ask.

**FAILURE TO DISCLOSE THESE FACTS MAY LEAVE YOU WITH NO COVER AND A CLAIM NOT PAID**

### WARNING

#### Warranties and Conditions Precedent

Your policy contains a number of WARRANTIES and CONDITIONS PRECEDENT. These are onerous terms which you must comply with word for word, otherwise the insurer might not pay any claims and might cancel your policy from the start. even if there is no connection between a breach of these terms and the cause of the loss.

Failure to comply with these terms may leave you with no insurance cover and your claim not being paid.

An insurance warranty is not a guarantee of something; it typically means that you must comply with terms in order that your insurance protection remains operative.

Conditions Precedent: Some conditions do impose a responsibility on you to have done something or completed something before a certain section of the policy will operate. If you do not do the thing stated, cover will not be in place.

**FAILURE TO COMPLY MAY LEAVE YOU WITH NO COVER AND A CLAIM NOT PAID**

### IMPORTANT

Warranties are not always referred to as such within a policy and schedule. They may be referred to as conditions, endorsements, special terms as well as warranties.

It is important that you look out for these and if you have any doubt about a particular statement, please ask us for advice.

**FAILURE TO COMPLY WITH THESE MAY LEAVE YOU WITH NO COVER AND A CLAIM NOT PAID**

## LIMITATION OF LIABILITY – IMPORTANT NOTICE

1. This section forms part of our Terms of Business. We accept instruction to act on your behalf strictly subject to the following limitation upon our liability.
2. Our liability to you for any act or omission (including, but not limited to, our negligence and/or the negligence of any other parties in respect of which we are legally liable to you), whether such liability be in damages, equitable compensation or otherwise, shall not exceed the sum of £1,000,000 in respect of any one transaction or series of related transactions.

This figure has been carefully chosen in order to enable us to offer reasonable redress to our customers in the event of a claim, whilst enabling us to retain competitive levels of fees and commissions and make appropriate arrangements to ensure that any proper claim is met.

This section does not apply to awards made by the Financial Ombudsman Services in the exercise of his compulsory jurisdiction.

3. In section 2 above:
  - i. ‘negligence’ means a breach of any obligation upon us to take reasonable care, whether that obligation is imposed by virtue of a term (express or implied) of any relevant contract or by the law of negligence, or otherwise;
  - ii. ‘transaction’ means any professional service provided by us to you, including (but not limited to) the arranging of insurance, advising on insurance cover and/or on particular wordings, notification of claims to insurers, and claims handling generally;
  - iii. ‘in a series of related transactions’ has its ordinary meaning (save that ‘transaction’ has the meaning given at (ii) above), but includes (without limitation), (a) transactions concerning, connected with or arising out of the same policy of insurance or reinsurance arrangements, or, (b) where different policies or arrangements insure or reinsure (as the case may be) all or some of the same risks, transactions concerning, connected with or arising out of some or all of those policies or arrangements.
4. We are always prepared to discuss increasing the limit of our liability specified in this section in relation to any individual engagement, if particular reasons exist, but we reserve the right to decline to increase the limit or (in the event that we agree to increase it) to make an additional charge or to impose alternative or additional conditions. No agreement to increase the limit shall be valid unless made in writing and signed by a director of Letton Percival Ltd.
5. Under these Terms of Business, you agree not to make any claim against any employee, director, partner, consultant or other individual connected with us. See paragraph 6 below. However, it is also understood and agreed that if for any reason the provisions of paragraph 6 hereof are held to be invalid or unenforceable in whole or in part, any claim made by you against any employee, director, partner, consultant or other individual connected with us is also subject to the limit of liability of £1,000,000 contained in this clause, and you understand and agree that any such individual may avail himself of this limitation.
6. You agree:
  - i. that your remedies in relation to the provision of professional services by us, arising out of or in connection with this engagement, lie exclusively against us and not against any employee, director, consultant or partner as individuals;
  - ii. that you will not make any claim and/or bring any legal proceedings against any employee, director, partner, consultant or other individual, in respect of any act or omission by any such person or persons (whether negligent or not).

You understand and agree that the provisions of this clause may be enforced by any employee, director, partner, consultant or other individual connected with us in accordance with the Contracts (Rights of Third Parties) Act 1999.