

## **Explanations document**

### **Important - please read**

**Please consider carefully whether there is any further information that you might wish to bring to our attention at this time that you think may be relevant to our consideration of your application for credit.**

Below we have answered some common questions to help you understand the main details of the proposed overdraft agreement.

➤ **Is it suitable for me?**

An overdraft is only suitable for short-term borrowing. If you use an overdraft over longer periods, it can end up being more expensive than other forms of borrowing. If you need a more certain, longer-term solution, a loan may be more suitable.

➤ **How much will it cost me?**

You may have to pay an Overdraft Set Up fee and/or overdraft usage fees. Details are set out in the facility letter.

There are no fixed repayments on an overdraft. You will have to pay interest on the overdraft. Details are set out in the facility letter and in the next section below.

➤ **Are there any unusual terms?**

The overdraft has no fixed or minimum period. However, please note that, unless the law states otherwise, we have the right to end your overdraft or to change your arranged overdraft limit at any time. We also have the right to demand that you pay back the amount of the overdraft or the amount the overdraft is over your arranged overdraft limit immediately, together with any interest and charges which may be due.

We may make it a condition that your account has to be in credit for at least 30 days (not necessarily in a row) in every 12-month period.

The interest rate which will apply to the overdraft is a variable rate, which may be increased. The rate which will apply at the start of the overdraft, and details of the conditions under which the rate may change, are set out in the facility letter. Please note that the rate changes in line with the Bank of England Bank Rate. Changes in the interest rate may increase the total cost of the overdraft.

You will have to pay a higher rate of interest if you go over your arranged overdraft limit without agreeing this with us first. Details are set out in the facility letter.

If the facility letter states that you must provide us with security, we will use that as security against all amounts you might owe us from time to time (except for any amounts you owe under a regulated consumer credit agreement or a regulated mortgage) unless we agree otherwise with you.

If you delay in providing the security we ask for, or we allow you to use the overdraft before we are satisfied with the security you have provided, we may increase the interest rate on the arranged overdraft until we are satisfied with the security.

Other conditions may apply, and if so these will be set out in the facility letter.

➤ **What if I fail to pay back the overdraft when you demand?**

If you do not pay back the overdraft when we demand, or when you end the overdraft agreement, some or all of the following may apply.

- You may have to pay extra interest and charges. Details are set out in the facility letter.
- We may take steps to recover the money you owe us. This may include taking action through our Debt Management department, a debt-collection agency or similar agency, or a solicitor. We may then take court action against you. Each of these steps may lead to you having to pay extra costs on top of your overdraft.
- Any court action we take may include applying for a bankruptcy order against you, or a charging order or order for sale (in Scotland, an inhibition) over any property you own. This may result in your home being repossessed. Interest will be charged at the applicable rate under the agreement before and after any court judgement.
- Your credit rating may be impacted, and it will be more difficult or expensive for you to get credit in the future.

➤ **Can I stop and think about it further?**

Yes, you can take all of the documents away with you if you want to think about it further. It is very important that you read the facility letter carefully.

➤ **Can I change my mind later?**

You have the right to cancel the agreement set out in the facility letter without providing a reason for doing so. This right begins on the later of (i) the day after the facility letter is concluded and (ii) the day after you receive the facility letter and other documents, and ends 14 days later.