

## Reckitt House – Mortgage Fee Agreement

This document is issued on behalf of Reckitt House which is a trading name of Davidsons Independent Financial Advisers Ltd (Davidsons IFA) of 23 Fore Street, Okehampton, Devon, EX20 1AN. We can be contacted at this address or on 0808 168 8166, or at customerservices@reckitthouse.com.

Within this document, we aim to set out our fees associated with advising on and arranging mortgages. This is a two page document and should be read in conjunction with one other document:

Terms of Business – *code RHTOB042014*

### Authorisation Statement

Reckitt House is a trading name of Davidsons IFA which is authorised and regulated by the Financial Conduct Authority (FCA). The FCA regulates the financial services industry in the UK and their address is 25 The North Colonnade, Canary Wharf, London, E14 5HS. You can check this on the FCA's Register by visiting the FCA's website [www.fca.gov.uk/register](http://www.fca.gov.uk/register) quoting our FCA number of 224407 or by contacting the FCA on 0845 606 1234.

### Fee Statement

Mortgage advice is not free – we are not subsidised by any lenders or the government. Our only income is what we charge clients for doing the work we do. That's all fairly straight forward and only reasonable. However, if you shop around you will find there are many different ways of charging fees, and indeed some brokers who claim to charge nothing at all.

However, no mortgage adviser works for free. They have to be paid from somewhere. The only question is, from where? The answer to that lies in the structure of the mortgage market.

Historically, lenders have received most of their business from brokers and in return they have paid "introducer fees" (commission) back to those brokers. That works for the lenders because that's cheaper than paying their own salesforce, and it's great for the brokers as it means they can claim to offer their services for free.

However, there's a problem - some lender pay different amounts. That means there is a real bias when it comes to choosing the right deal for you. Indeed, some lenders don't pay anything at all for certain deals – often the best ones! If you're a broker working on commission income alone it is unlikely you recommend a lender who won't pay you? That's the problem with commission only brokers – you're never sure if the advice is best for you or the broker.

So what should you pay for mortgage advice? There's no right amount, but in our view it should take into account what the lender pays the broker. When a mortgage is placed with a lender, if there is commission payable by that lender, it will be paid regardless of whether or not the broker charges a fee. So if your broker charges a fee they will actually earn that PLUS the commission – which obviously doesn't solve the bias problem.

At Reckitt House we have a fee arrangement where our fee is a fixed percentage of the amount you are borrowing. Where commission is paid by a lender, we use that to reduce the amount you pay on completion. That way we avoid the commission bias and you benefit if a lender is willing to pay – in effect the lender is subsidising part of your fees. Most lenders do pay an introducers fee, although the amount varies, so in most cases there will either be very little or nothing to pay on completion.

### The Advice Process

Our advice process is detailed in our Terms of Business document. With regards to mortgages, we will research the whole market, excluding direct-only deals, and make a recommendation based upon criteria agreed with you at the start. We will use independent research tools and help you assess the available mortgage deals. If instructed, we will help you complete any application forms and submit your mortgage

application on your behalf. We will work with the lender, and any other third party, to bring your mortgage to a satisfactory conclusion.

### Our Fees

Our mortgage fee is expressed as a percentage of the amount you are borrowing. This can sometimes penalise larger mortgages, so we have a banded fee, where the percentage reduces as the mortgage amount increases. In addition, it is important to note that many lenders pay commission upon completion of a mortgage. We will use any commission received to reduce the fee payable by you.

**New Mortgage:** 0.6% of the first £200,000 borrowed.  
0.4% of the next £200,000 borrowed.  
0.2% on borrowing above £400,000.

**Re-Mortgage:** 0.6% of the first £200,000 borrowed.  
0.4% of the next £200,000 borrowed.  
0.2% on borrowing above £400,000.

**Product Transfers:** 0.2% of the loan amount, subject to a minimum fee of £250.

All loans (excluding Product Transfers) are subject to a minimum fee of £500. Fees are split £250 payable before we start our research or produce the Route Map (non-refundable) with the balance due upon completion.

*As a working example, for a mortgage of £100,000, our fee would be £600. This would be payable in two instalments, with £250 paid before we conduct our research or produce the Route Map and £350 paid on completion of the mortgage. A typical lender would pay us 0.3% of the mortgage amount. That would mean in this example a lender payment of £300, leaving you with a fee on completion of only £50.*

*As an alternative example, for a mortgage of £500,000, our fee would be £2,200. This would be payable in two instalments, with £250 paid before we conduct our research or produce the Route Map and £1,950 paid on completion of the mortgage. A typical lender would pay us 0.3% of the mortgage amount. That would mean in this example a lender payment of £1,500, leaving you with a fee on completion of only £450.*

### Other fees

Hourly rate: £100 per hour - only applicable for ad hoc services.

### Law

This fee agreement is governed and shall be construed in accordance with English Law and the parties shall submit to the exclusive jurisdiction of the English Courts.

### Termination

The authority to act on your behalf may be terminated at any time without penalty by either party giving seven days notice in writing to that effect to the other, but without prejudice to the completion of transactions already initiated. Any transactions effected before termination and a due proportion of any period charges for services, shall be settled to that date.

### Client consent

By instructing us to act on your behalf, you understand and consent to the above terms and hereby authorise the transfer of information, as described above on a confidential basis when warranted between such third parties. This fee agreement will come into effect from the date of issue.

### Signatures

\_\_\_\_\_  
Client Name

\_\_\_\_\_  
Client Name

\_\_\_\_\_  
Date