



**The Association of Vehicle Finance Brokers**

# **Code of Practice**

**Recommended operating practices for Members**

## Foreword

Welcome to the Association of Vehicle Finance Brokers (AVFB) a division of the National Association of Commercial Finance Brokers (NACFB).

This document is a summary of the principles of the Association and the code of practice that all Members will be required to adopt as the basis from which they conduct their business. In addition to promoting ethical standards of business the AVFB will establish the AVFB logo as a mark of independence and integrity that affords customers confidence and security in the service they are purchasing from a Member.

Our main objectives are:-

- To protect customers with a strict Code of Practice
- To encourage professional and social interaction between Members
- To monitor any Bill, Act of Parliament, Regulation or Order relevant to commercial lending or finance broking or related areas and to make submissions to the appropriate authorities in respect of any such material.
- To promote the services and professionalism of vehicle finance brokers to the business community and to the general public by way of books, pamphlets, posters, letters, advertisements, the internet and through the media.
- To engage in and support programmes for the training and education of members of staff.
- To co-operate with and to establish working relationships with any kindred associations or organisations.

In an industry where vehicle finance brokers contribute significantly to both finance and vehicle sales there is a need for an independent association to represent interests at all levels and promote customer confidence in our professionalism, competitiveness and integrity.

## Introduction

Formed in 1992 The NACFB is one of the largest self-regulatory associations for companies involved in commercial finance. It was formed in the belief that the establishment of measurable standards of proper professional practice in sourcing commercial funding was in the best interests of its customers, and vital to the integrity and future well being of the industry.

Published within an Office of Fair Trading registered Code of Practice, these standards have been adopted by an increasing number of commercial finance, lease and motor vehicle finance brokers.

The NACFB has established complaints and disciplinary procedures designed to eliminate unacceptable working practices amongst its Members. The Association also exists to safeguard both its Members and their Clients against restrictive practices within the industry and maintains a confidential register of brokers and lenders suspected of fraud and malpractice.

The NACFB now boasts a membership of some 700 finance brokers who collectively arrange finance to the sum of £13 billion per annum.

In recognition of the changing times The NACFB has decided to establish a divisional association specifically to work with and on behalf of vehicle finance brokers – The Association of Vehicle Finance Brokers.

The core values of the association are to: -

- **Foster best practice:**  
Embrace the values and ethics of the Association
- **Act with integrity:**  
Never put your own gain above the welfare of your Clients or others to whom you have a professional obligation.
- **Always be honest:**  
Be trustworthy in all that you do and never deliberately mislead whether by withholding or distorting information.
- **Be open and transparent in business:**  
Provide full details to your Clients making things as plain and as intelligible as possible.
- **Be accountable for your actions:**  
Take full responsibility for your actions.
- **Know and act within your limitations:**  
Be aware of the limitations of your competence and never commit to more than you can deliver.
- **Be objective at all times:**  
Give clear and appropriate advice at all times. Never let sentiment or your own interests cloud your judgement.
- **Have the courage to make a stand:**  
Be prepared to make a stand if you suspect malpractice of any sort.

The Association will raise and promote the independence of its Members and will offer a range of value added benefits including training, funding lines, regular updates on changes in legislation that directly affect vehicle finance brokers, professional indemnity and office motor trade insurance and access to insurance products (GAP, Payment Protection, Motor Insurance) under the new FSA regulation. In addition Members' interests will be represented with external bodies such as The Finance and Leasing Association (FLA) and The British Vehicle Rental and Leasing Association (BVRLA).

Members agree to:

- Provide clear concise pricing and payment profiles ensuring that these are included in quotations and all relevant documents.
- Comply with the provisions of the Consumer Credit Act and all legislation regulating consumer credit and other relevant forms of finance.
- Ensure that vehicles being supplied to customers meet the current manufacturers specification and standards at the time of delivery and are sourced from recognised distributors.

The following is a summary of the AVFB Code of Practice a full and unabridged copy will be provided with membership or can be issued on request:

## Code of Practice

The Code of Practice of the National Association of Commercial Finance Brokers, as revised below, applies to any Member of the NACFB engaged, either wholly or partly, and whether in consideration of a fee or not, in the business of broking or arranging motor vehicle finance, or acting in any other way as an intermediary between a finance provider and a customer. Motor vehicle finance includes contract hire, hire purchase or such other finance as the finance provider may offer and the customer may require, in relation to vehicles.

### Terms of Business

- The Member will confirm his instructions to the customer in the form of a written agreement, which shall include all relevant terms on which he will execute his instructions.
- Where credit searches are made for data on any individuals in respect of business covered by this section the Intermediary will obtain in writing or in any other durable medium that individual's prior consent.
- The Member must at all times comply with the requirements of the Consumer Credit Act, the Data Protection Act and The Financial Services Authority as so ever these may affect their business activities.
- The Member agrees not to amend or misrepresent any funder's terms or conditions.
- Members will ensure vehicles provided are to current manufacturer's specifications, any changes or amendments to specification must be advised to the customer and their acceptance requested.
- Members will ensure that any financial agreement or insurance product recommended to a customer is best suited to the customers' needs and is sold in accordance with the requirements of any Government regulated authority.

## Advertising & Marketing

Members will not advertise or promote their services in such a way as to cause offence, attract charges of poor taste or misrepresentation, or breaches of prevailing legislation, or advertise in any style or content likely to bring the Association and its Membership into disrepute.

- Acceptable advertising may include confirmation of Membership of the Association by use of the Association's logo.
- Advertising will be conducted in accordance with principles specified by prevailing legislation or nationally recognised advertising codes.
- Databases maintained by Members for the use of marketing their services must be registered with and comply with the requirements of the Telephone Preference Service (TPS).
- All advertising must include Member's name, address and contact numbers.

## Training

- The AVFB promotes competency and education amongst Members.
- It is essential that all members of staff are aware of the Association's Code of Practice.
- The AVFB advocate Continuous Professional Development (CPD), we encourage Members to support the training seminars and courses that the Association will promote.
- A copy of the Association's Code of Practice should be available to any customer upon request.

## Complaints and Disciplinary Proceedings

- The AVFB operates a complaints process for Clients, Members, Associates and Patrons.
- The Chief Executive will, first consider the complaint, and shall have the right to call for such papers or information as he may require and which are in the possession of the Member against whom the complaint has been lodged.
- The Association reserves the right to caution or reprimand, suspend or expel or bring criminal proceedings against any Member dependent on the severity of their actions.

## Generally

- This Code of Practice (as amended from time to time) shall be read in conjunction with the provisions of the Constitution of the Association. In the event that a conflict arises in the interpretation of the Code or the Constitution the provisions of the Code of Practice will prevail.
- A Member shall be deemed to have read and understood the Constitution and Rules of Conduct at the time his application for Membership is accepted and shall raise no objection in relation thereto.
- The Rules are constantly under review but any subsequent amendments or revisions thereto will be preceded by a reasonable period of notice to Members of the Association. Notification of such changes shall be conducted in accordance with the procedures stipulated in the Constitution.
- The Rules are intended to determine the standards of integrity, professionalism, conduct and practice expected of the Association's Members. They do not, nor are they intended to, affect the contractual relationship negotiated and agreed in the ordinary course of Members business activities between Members and their Clients or other third parties.

For further information please contact: -

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