SESAME

Record Keeping for Home Finance Advice

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1 Introduction

This document provides guidance on the Network's record keeping requirements for home finance advice. This guide is to assist you in completing high quality records when offering advice on all home finance contracts (regulated mortgages, equity release, bridging finance and Buy to Let business).

Compiling excellent customer files within your firm mean your files will:

- Evidence the suitability of your advice to your customers
- Demonstrate a culture of treating your customers fairly
- Save time in documentation and future customer contact
- Contribute to your regulatory responsibilities
- Provide accurate evidence to the Customer Outcome Review team for file assessments

2 Documentation

2.1 Documentation – for all files

The following table details the areas which must be documented within your customer file for all mortgage business:

Documentation	Notes and examples
Disclosure Document	Disclosure Document (Mortgages, Combined mortgage/insurance; BTL, Bridging finance or Equity release)
Data Privacy Notices	You must confirm issue of both the AR and Sesame DPNs and confirm the version number and/or reference of each document. You should provide evidence of this on your customer file.
Customer Due Diligence documentation	See *Prevention of Financial Crime Framework* and *How to complete customer due diligence* for details
Fact find	See *Know Your Customer: Home finance Advice* for details
Evidence of income	Example: Payslips, P60, Tax calculation, Tax year overview See *Mortgage Advice Framework* for details
Research	Example: Mortgage Brain / Solution Builder comparisons See *Formulating Your Home Finance Advice: Analysis & Research* for details
Mortgage illustration	European Standardised Illustration Sheet (ESIS)
Application Form	Copy of form; print out; or screen print of electronic equivalent
Suitability report	Final suitability report issued and any addendum letters
Mortgage offer	If available, copy of mortgage offer as provided by the lender
File notes	Any notes relevant to the audit trail of the process; notes of any conversations with customer

2.2 Documentation – for specific scenarios

Certain situations dictate that additional documentation is required to be retained on your customer file. This section covers these additional requirements.

Scenario	Notes and examples
Re-mortgage	Re-mortgage cost comparison You must summarise calculations when comparing lenders and products. There is a template available on the website for this.
Debt consolidation	Comparative illustrations You will need to keep on file the illustration used for your comparisons: • A mortgage illustration for the mortgage + the total debts for consolidation
	Cost Comparison You must complete the Mortgage Debt Consolidation Calculator when recommending using mortgages for debt advice. The document is available on the website.
	Notes about existing debts You must document on file the details and outcome of considerations/discussions re-negotiating agreements with their creditors.
Term into retirement	Comparative illustration Given to customer as part of the sales process when comparing mortgage term that runs into retirement with one running to selected retirement age.
Interest only	Evidence of repayment vehicle If proof of the repayment strategy is available in a hard format you must retain a copy in your customer's file.
Adding fees to the loan	Customer's consent - file note A positive election to add fees or charges on the amount to be borrowed must be retained on file
Customer paying a fee	Fee Agreement If you charge your customer a fee, then the 'Fee Agreement' section must be included in your Disclosure Document. A copy, signed by your customer, must be retained on file.
Multiple customers	Customer's consent - file note (1) If your customers live at different addresses and only want documents sent to one address, a note to this effect signed by both customers must be kept on file.
	Customer's consent – file note (2) Both applicants must take part in the advice process unless you obtain express consent, verbally or in writing, from one of the applicants authorising the remaining applicant to provide information on behalf of them both.

Retirement Interest-Only Mortgages	<u>FreeBen analysis</u> The FreeBen comparison analysis for the customer(s) needs to be stored on your file within the CRM System where there is any capital-raising i.e. • FreeBen analysis of benefit entitlement prior to raising capital And • FreeBen analysis of benefit entitlement after capital has been raised
Equity Release	<u>Third party involvement – file note</u> Confirmation that third party presence was recommended, who attended, or if offer declined, why.
	<u>FreeBen analysis</u> The FreeBen comparison analysis for the customer(s) needs to be stored on your file within the CRM System where there is any capital-raising i.e. • FreeBen analysis of benefit entitlement prior to raising capital And • FreeBen analysis of benefit entitlement after capital has been raised
Buy to Let	<u>Confirmation of expected rental income</u> If your customer has formal written confirmation of the expected rental income from the property, we recommend that you keep a copy on file.
Bridging Loans	<u>Evidence of repayment strategy</u> If proof of the repayment strategy is available in a hard format, we recommend that you keep a copy in your customer's file.
Advice to a third party	<u>Evidence of authority to act</u> If a third party has been authorised to act on behalf of your customer you must obtain written confirmation, such as a copy of the Power of Attorney
Commission comparison	<u>Procuration fees table</u> Comparative commission information if requested by the customer. A table is available at: Mortgages > Proc Fees.
Non-face-to-face advice	<u>Call recording</u> Where you predominantly conduct advice on a non-face-to-face (telephone) basis, you must record all telephone calls with customers. <u>We consider 'predominantly' non-face-to-face (telephone) business to be where firm's business is over 75% written on a non-face-to-face (telephone) basis.</u>

2.3 Changes to the original advice

If there are any changes to the original advice (for example if the application is declined or a change of lender) you must revisit the advice and gather details of the change.

If your recommendation changes you must record the full details in your file, undertake fresh research and produce an addendum letter to your suitability report. This must contain an overview of what has changed; the reasons for the change and details of the new recommendation.

It is important that the new information is clearly presented to a customer, therefore any updates or amendments must be issued in the form of an addendum letter (not a full revised suitability report). Using an addendum letter has the benefit for your customer being able to clearly see what information is being revised.

If an addendum letter has been produced due to a review of the advice (either after an internal review conducted by your firm or after a file review by the Customer Outcome Review team) you should keep a copy of the review on your customer's file to demonstrate why the addendum has been produced.

2.4 Gifted deposits

Some lenders may request a letter from the donor to confirm the gift is not a loan, is non-refundable and the donor will have no interest in the property: we would consider this to be best practice in all cases.

If your customer confirms that they have been gifted money towards their deposit, we would strongly suggest that you request that they organise for a letter to be written by the donor to avoid delaying the application process.

For further details please see **How to complete customer due diligence**, section 5.2.

2.5 Complaints

You must retain copies of any complaint correspondence between you and your customer and any third party handling the complaint in the file of your customer making the complaint. For the avoidance of doubt, this must also include the transcript of any phone calls and a copy of the complaints notification form to record the complaint.

These records must be maintained for 15 years.

Full details of the requirements for dealing with complaints are in the **Complaints Framework**.

3 Electronic New Business Submissions (eNBS)

Core Requirements:

- An eNBS must be submitted for all advice provided to your customers
- Where a case requires pre-sale checking the eNBS must be completed prior to the recommendation being presented to your customer
- For post-sale checks the eNBS must be submitted no later than 10 working days after the advice is given

Submitting an eNBS is an important part of the record keeping process. It is vital that you submit data accurately as this is an essential part of the Network's monitoring controls.

The eNBS also identifies whether cases require pre-sale or post-sale checking by the Customer Outcome Review (COR) team.

You must enter details of all new business, whether for pre or post sale checking, via the eNBS system through the CRM System.

3.1 Pre-sale checking

You are required to submit an eNBS prior to the recommendation being presented to your customer for the following scenarios:

- All advice given by new entrants (CF101)
- Equity Release advice (where adviser holds a provisional licence - CF103a)
- All Debt Consolidation advice

To enable our COR team to identify which sales require pre-sale checking please select 'Yes' or 'No' in the 'pre-sale' box in 'Additional Fields' on the CRM System when completing the eNBS. The COR team are then notified via the CRM System that the case requires checking.

You need to upload your fact find, draft suitability report and all supporting documentation to the CRM System to enable us to complete our pre-sale check **(no recommendation should have been given to the customer or any applications completed before the pre-sale check)**.

3.2 Post-sale checking

You may submit your eNBS after the recommendation being presented to your customer for the following scenarios:

- Advice given by competent mortgage advisers (CF97)
- Equity Release advice (where adviser holds a full licence - CF103)

Your New Business Submission data must be sent to us as soon as possible after the advice is given and no later than 10 working days from the date that the advice is given.

3.3 Cases 'not proceeding' or 'cooled off'

The eNBS records must provide details of the contracts recommended for all cases **whether or not the case proceeds.**

The requirement to submit eNBS includes any cases where:

- You have completed an application, but your customer has decided not to proceed
- You have completed an application, but the case is declined
- Your customer has exercised their cancellation rights ('cooling off')

If you have already submitted the eNBS - When you become aware the case is not proceeding or has been cancelled under the terms of the 'cooling off' notice, please email the Network Helpdesk on enbsupdates@sbg.co.uk who will then make the relevant amendments to the eNBS you have submitted.

If you have not already submitted your eNBS - When you submit your eNBS (within your standard 10 working days), and at which time you are made aware the case is not proceeding, please enter £0.01 into the commission field of the ENBS. This will mean the eNBS provides the Network with

the required information of the contract advised, but also indicates that no commission is due, or needs to be matched.

3.3.1 Amendments required to a policy/provider/lender/loan amount/fee charged

To amend any policy, provider or lender details, or to amend the details around any fee originally notified to us upon first submission, you can either email enbsupdates@sbg.co.uk or complete the Form (scroll to the bottom of the page) on the Sesame Website and we will make the relevant changes to the eNBS you have submitted. You will **not** need to complete a new eNBS for the case.

For example: if you amend a recommendation from a Level Term Assurance to a Family Income Benefit Policy.

The CRM System product record should also be updated to reflect the relevant changes.

3.3.2 Changes to the customer

To amend the details of customer(s) please email enbsupdates@sbg.co.uk to cancel the original eNBS. You will need to complete a new case and eNBS for the revised case.

For example: you change a case from single customer to joint customers.

In both the above cases we would recommend updating the Status and Closing the product in the CRM System against the associated eNBS record e.g. 'Not Proceeded With', 'Declined by Client' or 'Declined by Lender'.

3.4 Non advised cases

Where you have not provided any advice i.e. execution only, referral to a third party and direct to a provider you should follow the process detailed below:

Referral to a third party and execution only

- Create a client file in the CRM System
- Upload the Execution only form/referral letter to the CRM System
- Upload the illustration confirming the commission amount
- Close the file in the CRM System confirming the reason i.e Execution only business/referral business
- Send an email to cortechnicalteam@sbg.co.uk and provide the CRM System reference and type of sale

The COR Technical team will review the file within 5 business working days to confirm the above information is recorded on the customer file. The COR Technical team will then contact the commissions team to confirm the commission can be released.

Direct to provider

- Send an email to awaiting.approval@sbg.co.uk confirming the payment is in relation to a 'direct to provider' case

The awaiting approval team will check the payment in question and if required obtain further clarification from the relevant provider before releasing the payment.

4 Fee Notification

If your customer is paying for your services via a fee paid directly to your firm, in addition to submitting an eNBS, a Fee Notification form must be completed and submitted to Sesame and can be found at:
Mortgages > Mortgage Guidance > Post Sale > Forms and Templates.

Records of your fee notifications must be retained by your firm as these will be inspected at your site audit by Compliance Monitoring.

5 The CRM System

Unless a case has been submitted for pre-sale checking, all case related documentation must be uploaded to the CRM System within 10 working days of the business submission.

Core Requirements:
All customer file documents must be stored within the CRM System (this includes cases that do not proceed as advice has been given and a recommendation made)

The chronological order of the documentation must demonstrate that the advice process has been correctly followed. There may be times where this cannot happen (for example, where your customer's circumstances have changed resulting in the need for further research and analysis); in this situation we recommend that a file note is kept on file to explain why there has been an anomaly in the advice process.

5.1 File keeping procedures

There are three important processes within the CRM System that will support you with your file documentation and assist with COR file assessments:

- Specific naming of documents within the document store
- Categorisation of documents
- Closing a product sale and creating a new sale for new business activity

5.1.1 Specific naming of documents within the description field

It is important to be specific when providing a document with a description. This will help you when locating a specific document.

Good example	Poor example	Notes
3 months bank statements – April to June	Proof of income	The non-specific title of 'proof of income' does not provide the required detail especially if the advice process is lengthy and additional bank statements are later uploaded
Halifax – 3-year fixed rate mortgage quotation	Research	The same generic description should be avoided for research, in particular for different fixed rate terms

Copy of passport for (name of customer)	Passport	If it is a joint mortgage sale, for easy identification, you should clearly indicate who the documentation relates to
File note – customers consent to add fees to loan	File note	By stating the nature of the file note you (and COR) will be able to easily locate documentation within your customer file

You are given the option to amend a description at the point of adding the document to the CRM System.

5.1.2 Categorisation of documents

All documents must be categorised when loaded on to the CRM System.

The categories that are available for you to use are:

- Compliance Documents
- Financial Documents
- Mortgage Documents
- Other Documents
- Identity Documents

Please see the Appendix I for a table of which documents sit within each category.

Identity verification: To comply with our GDPR procedures the ID verification documents **must** be stored under the 'Identity Documents' category.

Other categories: The Appendix provides suggestions of which category may be appropriate to use for other (non-ID) documentation. You may choose to use the different categories as fits your own administrative processes.

5.1.3 Closing the product sale

By closing a sale and creating a new sale for new business, the list of documents for each sale will be archived and compartmentalised into distinct events for future reference. Therefore, for your future ease of reference on your files, 'closing the product sale' is one of the last, but most important activities for each transaction.

If the product sale is not 'closed' this can adversely affect your file keeping as:

- The list of documents within the document screen will increase with each advice process.
- Details of any previous recommendations will not display in the Fact Find leading to possible duplication of information

It is therefore imperative that all advice is properly archived for future reference by closing a product sale.

Closing a sale is a quick process involving completing a few fields on screen within the CRM System. Please refer to the CRM user guides which are available on the website for further details.

5.2 Data security

To ensure accurate record keeping it is important that the correct documents are loaded onto the CRM System. Using the naming protocol above will assist you in identifying the correct documents to upload.

If an incorrect document is uploaded this can only be removed by the System Administrator with the firm or by calling the Network Helpdesk.

If you incorrectly upload documents to the file of the wrong customer, it is of particular importance that you have the document removed. If the incorrect document was not removed, in the event that a customer requested a copy of their customer file, there is a risk that personal information could be provided to the wrong customer, which is a breach of data security.

6 Customer File Retention Period

You are required to retain all customer files for the duration of the term of the mortgage to ensure that we can deal effectively with any future complaints.

We recommend where advice has not proceeded or not been taken up you should retain this information for a minimum of 6 years.

For further information you can refer to the **Information Security Framework** (section 1.3.8)

Appendix I. Quick Reference Table

The below table can be printed and used as a quick reference tool when categorising documents within the CRM System.

Identity verification:
To comply with our GDPR procedures the ID verification documents **must** be stored under the 'Identity Documents' category.

Other categories:
The table below is simply a suggestion as to which document could sit within each category, these are not mandatory. It is acceptable if your firm chooses to categorise these documents differently - for example, if you choose to categorise the application form as a Mortgage Document. Also, if you wish to categorise your file notes as to the stage that they relate to (for example a file note in relation to a compliance document) then this is also acceptable.

Category	Documents
1. Compliance Documents	Disclosure Document incl DPN Fee Agreement (included in Disclosure Document) Panel of mortgage lenders Mortgage Debt Consolidation Calculator Re-mortgage Cost Comparison FreeBenn comparative analysis (RIO and ER cases where there is capital raising) Fact Find File/phone notes (advice related) Suitability Report Addendum Letter
2. Financial Documents	Proof of income Payslips P60 Gifted Deposit Letter
3. Mortgage Documents	Evidence of research comparisons Mortgage illustrations Mortgage offer Application form
4. Other Documents	File / phone notes Power of attorney General
5. Identity Documents	Evidence of ID Evidence of address Third party CDD questionnaire