

Terms of Business

Please read this document carefully. It sets out the terms and conditions on which we agree to act for you, contains details of our responsibilities together with your responsibilities both to us, to insurers and to other third-party providers. Please contact us immediately if there is anything in this document that you do not understand/or with which you disagree. Your receipt of this document constitutes your informed consent to its contents.

The Financial Conduct Authority

Spence (Insurance Services) Ltd is authorised and regulated by the Financial Conduct Authority (FCA). Our Financial Services Register number is 300017. You can check this on the FCA's Register by visiting their website: www.fca.org.uk/firms/systems-reporting/register or by contacting the FCA on: 0800 111 6768.

Our permitted business is introducing, advising, arranging, dealing as agent and assisting in the administration and performance of general insurance contracts and credit broking in relation to insurance instalment facilities.

Ownership and control

We are an independently authorised firm owned by the Directors and shareholders, and controlled by the Directors and employees of Spence (Insurance Services) Ltd .

Our service

Helping you to decide

Our role is to advise you in relation to your insurance needs and for any insurance instalment facilities at all times and, after we have assessed your needs, to make a suitable recommendation. We will not provide further advice or recommendations following the arrangement of insurance cover, unless you notify us of a material change of circumstances or formally request that we review your insurance arrangements. At renewal, unless we give you a quote for cover with an alternative insurer or an alternative instalment provider, we will not offer advice or make recommendations (unless you request this during the renewal process).

We will not in any circumstance guarantee the solvency of any insurer.

Our product range and the range of insurers used

We select personal and commercial insurances from a range of insurers but for certain products, we only select products from a limited number of Insurers. We will give you further information about this before we finalise your insurance arrangements; where we select products from a limited number of insurers you may ask us for a list of the insurers we deal with for these products.

We may be able to offer finance for insurance instalments through the insurer and via the finance providers Close Premium Finance and Premium Credit Ltd. We will give you further information about this before we finalise your instalment arrangements.

If we propose using another intermediary to help place your business, we will confirm this to you in good time before any arrangements are finalised.

Automatic Renewal of Insurance

For certain policies, in order to protect your interests relating to the risks you have insured, unless we receive your instructions to lapse a policy before the renewal date, the policy will automatically renew and you will be required to make payment to us. If the automatic renewal of your policy applies, we will notify you prior to the conclusion of the initial contract of insurance and in your renewal notifications.

Complaints and compensation

We are committed to providing our customers with a high level of customer service at all times but, if for some reason you are not satisfied, please contact us:

in writing to:

The Compliance Officer, Unit 2, Old Well Court, Wester Inch Business Park Bathgate, West Lothian, EH48 2TQ

by phone: Telephone 01506 632055

by email: complaints@spenceinsurance.co.uk

When dealing with your complaint, we will follow our complaint handling procedures; a summary of these procedures is available on request.

Should you remain dissatisfied with the way we resolve a complaint, you may have the right to refer this to the Financial Ombudsman Service, free of charge.

Further information can be found on the Financial Ombudsman Service website: www.fos.org.uk

If we are unable to meet our obligations, you may be able to submit a claim to the Financial Services Compensation Scheme (FSCS). This depends on the type of business and the circumstances of the claim. If you are eligible to claim from the FSCS, compensation is available for insurance advising and arranging for 90% of a claim, without any upper limit, but for compulsory classes of insurance (such as Third Party Motor or Employers Liability), insurance advising and arranging is covered for 100% of the claim without any upper limit.

Further information about compensation scheme arrangements is available from the FSCS on Freephone 0800 678 1100 or www.fscs.org.uk.

Our Liability

We will use reasonable skill and care in the provision of our services. Notwithstanding anything to the contrary contained in these Terms of Business, we shall not be construed as owing any greater duty than the use of reasonable skill and care in accordance with the normal standards of our profession.

Save in respect of personal injury or death, you shall look only to Spence (Insurance Services) Ltd (and not to any of Spence (Insurance Services) Ltd's personnel) for redress if you consider that there has been any breach of this appointment. You agree not to pursue any claims whether in contract or in tort or in delict or in negligence or for breach of statutory duty or otherwise against any of Spence (Insurance Services) Ltd's personnel as a result of carrying out its obligations under or in connection with this appointment at any time and whether named expressly in

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these Terms of Business or not. For the avoidance of doubt, "personnel" shall include, but not be limited to, directors and officers of Spence (Insurance Services) Ltd.

No action or proceedings in connection with our appointment or services whether in contract or in tort or in delict or in negligence or for breach of statutory duty or otherwise shall be commenced against us after the expiry of five years from the date that we finish our services for you under the appointment.

Without prejudice to any other limitation in these Terms of Business, we shall not be liable to you as a result of any delay or failure to perform our services and/or our obligations under this appointment as a result of a Force Majeure event. For the purpose of this agreement, a Force Majeure event is an event beyond our reasonable control including but not limited to strikes, lock-outs or other industrial disputes, government actions, failure of a utility service, a public or private telecommunications network or a transport network, act of God, war, riot, civil commotion, epidemic or pandemic, malicious damage, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

Without prejudice to any other limitation in these Terms of Business, in respect of any loss suffered by you, for which we and any other party are (on any basis) liable, our liability shall be limited so as to be proportionate to our relative contribution to the overall fault giving rise to the loss in question.

Without prejudice to any other limitation in these Terms of Business, our liability under or in connection with this appointment whether in contract or in tort or in delict or in negligence or for breach of statutory duty or otherwise in respect of any claim or series of claims shall not exceed the amount, if any, recoverable by us by way of indemnity against the claim or claims in question under professional indemnity insurance taken out by us and in force at the time that the claims or (if earlier) circumstances are notified to the insurers in question.

Without prejudice to any other limitation in these Terms of Business, we shall only be liable to you for any reasonably foreseeable losses, damages, costs or expenses arising directly from breach of contract, breach of duty or fault, negligence or otherwise, in connection with this appointment. We shall not be liable to you in any circumstances for any special, indirect or consequential loss.

Subject always to our liability in relation to claims for death, personal injury or fraud, and without prejudice to any other limitation in these Terms of Business, our total aggregate liability for claims under this appointment whether in contract or in tort or in delict or in negligence or for breach of statutory duty or otherwise shall not exceed:-

- £4,000,000 – for those identified as "Consumers" by the FCA.
- £4,000,000 - for those identified as "Commercial Customers" by the FCA.

We consider the above noted limits to be adequate, however, if you wish us to consider higher limits, please let us know. If alternative limits are agreed, the agreed alternative limit will form part of this Terms of Business agreement. If there are any additional charges to amend the limits, these will be discussed with you prior to the amendment being put in place.

The paragraphs in this "Our Liability" section shall not apply to any liability arising as a result of fraud or wilful default on the part of Spence (Insurance Services) Ltd nor to any liability which cannot lawfully be excluded or limited, nor to the extent that the exclusion or restrictions of such liability would not be permitted by virtue of the FCA's regulatory requirements.

Payment for our services

We normally receive commission from insurers or product providers and where applicable finance providers. In some circumstances we may charge you a fee instead of commission, and if applicable this will be agreed in advance.

You will receive a quotation which will tell you the total price to be paid, and which identifies any fees, taxes and charges separately from the premium, before your insurance arrangements are concluded. With certain insurers and products, the commission obtainable is insufficient to cover our costs. Where this occurs, we may also charge you a fee in addition to the commission that we receive from the insurer. We will always advise you of the fee amount before you incur a liability to pay such fees.

In the absence of any alternative terms which we agree with you in writing our payment terms are as follows:

- new policies – full payment of premium and fees on or before the inception date of the policy;
- mid-term adjustments to existing policies – full payment of any additional premium and fees on or before the effective date of the change;
- renewals – full payment of premium and fees prior to the renewal date.

Payment by Instalments using a Finance Company

We will be informed by the finance company if:-

- any direct debit or other payment due in respect of the credit agreement you enter into with them to pay insurance premiums is not met when presented for payment.
 - you end the credit agreement with them.
 - you do not enter into a credit agreement with them.
- In the event of the above noted circumstances, if you do not make other arrangements to pay the insurance premiums, you acknowledge and agree that, at any time after being so informed, we may:-
- instruct on your behalf the relevant insurer to cancel the insurance (or, if this occurs shortly after the start or renewal of the insurance, to notify the insurer that the policy has not been taken up) and to collect any refund of premiums which may be made by the insurer.

and

- if any money is owed to the finance company under your credit agreement, pay it to the finance company.
- or
- if the finance company have debited us with the amount outstanding, use it to offset our costs.

You will be responsible for paying any time on risk charge and putting in place any alternative insurance and/or payment arrangements you need.

In good time before the conclusion of each insurance contract, or upon renewal, we will remind you of your right to be informed of the level of commission which we receive from underwriters. You are entitled, at any time, to

request information regarding any commission which we may have received as a result of placing your insurance business. We withdraw commission prior to Insurer settlement. We also draw your attention to the sections headed 'Cancellation of insurances' and 'Ending your relationship with us'.

Handling money

Our financial arrangements with most insurance companies are on a 'Risk Transfer' basis. This means that we act as agents of the insurer in collecting premiums and handling refunds due to clients. In these circumstances such monies are deemed to be held by the insurer(s) with which your insurance is arranged. You will be notified if Risk Transfer does not apply and such monies will then be held by us in a Non-Statutory Trust account pending payment. The establishment of the Non-Statutory Trust account follows the rules which the FSA introduced to protect money held by authorised intermediaries. However, you should be aware that, under the Non-Statutory Trust account rules, we are permitted to use such monies temporarily held to advance credit to clients generally. A copy of the Deed of Trust is available on request or may be inspected at our premises during normal office hours. If you object to your money being held in a Non-Statutory Trust account, you should advise us immediately. Otherwise, your agreement to pay the premium together with your acceptance of these Terms of Business will constitute your informed consent to our holding your money in a Non-Statutory Trust account. Interest earned on monies held in such a Non-Statutory Trust account will be retained by us.

Cancellation of insurances

You should make any request for the cancellation of a policy in writing and any relevant certificate of insurance must be returned to us or to the insurer concerned.

In the event of cancellation, charges for our services will apply in accordance with the notification of fees we provide you prior to the conclusion of the initial contract of insurance.

The terms of your policy may allow insurers to retain the premium in full or to charge short-period premiums in the event of cancellation before the policy expires.

Ending your relationship with us

Subject to your immediate settlement of any outstanding premiums and fees, you may instruct us to stop acting for you and we will not impose a penalty. Your instructions must be given in writing and will take effect from the date of receipt.

In circumstances where we feel we cannot continue providing services to you, we will give you a minimum of 7 days notice.

Unless otherwise agreed in writing, if our relationship ends, any transactions previously initiated will be completed according to these Terms of Business. You will be liable to pay for any transactions concluded prior to the end of our relationship and we will be entitled to retain commission received for conducting these transactions, together with all fees charged by us for services provided.

Your responsibilities

You are responsible for answering any questions or assumptions you may agree to honestly and to the best of

your knowledge, providing the complete and accurate information which insurers require in connection with any proposal for insurance cover. This is particularly important before taking out a policy and at renewal, but if you also make a mid term amendment to your policy. If you are a commercial customer please be reminded you are responsible for providing the complete and accurate information which insurers require at inception, renewal and throughout the life of the policy. If you fail to disclose information, or misrepresent any fact which may influence the insurer's decision to accept the risk or the terms offered, this could invalidate the policy and mean that claims may not be paid. You must check all details on any proposal form or Statement of Facts and pay particular attention to any declaration you may be asked to sign.

It is important that you read all insurance documents issued to you and ensure that you are aware of the cover, limits and other terms that apply. Particular attention must be paid to any warranties and conditions as failure to comply with them could invalidate your policy. You must inform us immediately of any changes in circumstances which may affect the services provided by us or the cover provided by your policy. If you are unsure about any matter, please contact us for guidance.

Third party reliance

All broking reports, marketing presentations and other material information is confidential to you and your professional advisers and under no circumstances may it be passed on or reproduced in whole or in part, nor may it be relied upon by third parties for any use whatsoever. We shall have no liability for any use by you and your professional advisers of such reports, presentations and information for any purpose other than that for which it was prepared or provided by us.

Use of personal data

All personal information about you will be treated as confidential. We undertake to comply with the General Data Protection Regulation (GDPR) in all our dealings with your personal data. Your personal information will be kept secure. If you require more information on how we use your personal data, please refer to our privacy notice.

Conflicts of interest

Occasions can arise where we, or one of our clients or product providers, may have a potential conflict of interest with business being transacted for you. If this happens, and we identify that a potential conflict exists, we will write to you and obtain your consent before we carry out your instructions and we will detail the steps we will take in good faith and with the intent of fair treatment of the parties.

Claims handling arrangements

You should take note of the required procedures in the event of a claim, which will be explained in the policy documentation. Generally, insurers require immediate notification of a claim or circumstances which could lead to a claim.

Miscellaneous Provisions

Our appointment and these Terms of Business are subject to Scots law and the parties hereto submit to the exclusive jurisdiction of the Scottish courts.

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If any part of these Terms of Business are held to be invalid or unenforceable, the remaining terms will continue in full force and effect.

Nothing in this appointment shall confer or purport to confer on any third party any benefit or the right to enforce any term of this appointment pursuant to the Contracts (Rights of Third Parties) Act 1999.