

Annex B

Undertakings provided by Pendragon Financial Services Limited

UNDERTAKINGS FOR THE PURPOSES OF THE CONSUMER CREDIT ACT 1974 (THE ACT)

I, Kevin McGrann, controller, associate and business associate of Pendragon Financial Services Limited ("Pendragon") and I, Mark Fuller, controller of Pendragon and whose address is Crown Buildings, Luton Street, Keighley, West Yorkshire, BD21 2LE, hereby give to the Office of Fair Trading (the OFT) the following written undertakings by way of representations under section 34 of the Act on behalf of Pendragon and in relation to its business activities:

1. Pendragon will not take on any debt management business with new customers.
2. Pendragon undertakes to comply fully with the OFT's current Debt Management Guidance (the Guidance)¹, and will carry out the services they provide with due care, skill and fairness.
3. Pendragon will arrange for its compliance with the Debt Management Guidance and with these undertakings to be independently audited annually and for the results of those audits to be submitted to West Yorkshire Trading Standards Service (WYTSS). The first audit is to be completed by the end of July 2009.
4. Pendragon will undertake an immediate review of its business processes and procedures, including staff training procedures, to ensure compliance with the Guidance. The review is to be completed within three months of the signing of these undertakings.
5. Pendragon undertakes to produce an Action Plan for addressing the main causes of any non-compliance issues highlighted by the aforementioned independent audit reports and/or the results of the review carried out in respect of Pendragon's business processes and procedures. The first Action Plan is to be produced within one month of the completion of the review

¹ The latest Guidance is that published by the OFT in September 2008 – Debt management guidance, OFT 366.

referred to in undertaking 4 above. Subsequent Action Plans are to be produced within one month of each annual audit. Action Plans shall include:

- (a) details of the non-compliance issues identified through complaints received, independent audits or other monitoring carried out of Pendragon's business processes and procedures, or from any other source;
- (b) details of how these non-compliance issues have been or will be addressed; and,
- (c) details of when the non-compliance issues were or will be addressed and by whom.

6. Pendragon will request a meeting with WYTSS at least every three months and will use their best endeavours to ensure that they meet with WYTSS every three months. Pendragon will agree a formal minute of each meeting. The meeting shall include discussion of:

- (a) the content of the Action Plans and subsequent action taken by Pendragon to remedy all non-compliance issues, along with the outcomes, supported by the relevant evidence;
- (b) all complaints made against Pendragon in relation to its debt management business either directly or through the WYTSS. Pendragon will provide details of how each complaint has been investigated and of the outcome.

7. Pendragon will put in place effective and clear procedures for dealing with complaints fairly, reasonably and promptly, as required under the Financial Ombudsman Service's detailed rules for complaints handling procedures and that all businesses with a standard consumer credit licence have to follow by law.

8. In complying fully with the Guidance, Pendragon will:

- (a) provide debt management services as agreed with reasonable care and skill; inform clients of the outcome of negotiations with creditors; and inform clients of any developments in the relationship with creditors, in particular the issue of default notices or the threat of issue of legal proceedings – clauses 2.36 and 2.37;
- (b) ensure that, when Pendragon is in breach of contract, a client is refunded the money that they had paid – clauses 2.19 and 2.21;

(c) disburse monies to creditors at the earliest opportunity and within a period of time that does not undermine customers' interests or adversely affect their financial position – clause 2.24.

9. Pendragon will inform all customers of a creditor's decision whether to accept or refuse a payment proposal by letter within 5 working days of Pendragon being informed of the creditor's decision.

10. Pendragon will promptly return paperwork to a client when it has been requested.

11. Pendragon will deal with enquiries from clients' creditors, as promised in the literature they provide to the consumer.

12. Pendragon will seek membership of the Debt Managers Standards Association (DEMSA) at the earliest opportunity and will report to the adjudicator on the progress of their application three months after these undertakings have been signed and every three months thereafter until their application has been determined. Pendragon will report the outcome of its application to the adjudicator as soon as it has been determined.

13. Pendragon will comply with the Code of Conduct of the Debt Managers Standards Association (DEMSA), whether or not they are members of the Association, and will train their employees and representatives to comply with the standards required by the Association.