

Rt Hon Lord McFall

Yours sincerely

- What conditions does UKAR apply to the sales of mortgages to ensure that customers are treated fairly?
- Do you regard a change to the way a mortgage interest rate is set to introduce an explicit link to LIBOR to represent a change to the terms and conditions of the mortgage? Would this change have to be communicated to consumers? What proportion of UKAR mortgages currently have the mortgage rate charged determined by LIBOR?
- What options does UKAR currently offer to its customers to allow them to gain certainty over their payments by accessing fixed rates?

With these points in mind I would be grateful if you could answer the following questions:

offered reasonable fixed mortgage rates.

some customers affected by these mortgage sales (and customers remaining with UKAR) will not be opportunity to achieve certainty over their payments by accessing a fixed rate. I am concerned that Given the prospect of rising interest rates it is important that all mortgage customers are given the the safeguards which will be put in place when £13 billion of UKAR mortgages are sold to Cerberus. movements in LIBOR. This seems to contradict assurances given by UKAR and raises concerns about that after an initial period the interest rates charged to some customers will be explicitly linked to led consortium UKAR stated that the sale would "not affect the terms and conditions of the When it announced the sale of £2.7 billion of mortgages to Commercial First as part of a JP Morgan

to these customers.

and will be unable to switch lender. This means that competition will not work to deliver good value Many of the customers of UKAR, including those affected by these sales, will be mortgage prisoners to gain certainty over their mortgage payments by accessing a fixed rate.

I am writing with regard to the sales of mortgages by UK Asset Resolution (UKAR). It is important that customers affected by these sales are offered a fair deal, protected from changes to the terms conditions of their mortgage and, along with customers remaining at UKAR, offered an opportunity

Dear Richard

Richard Banks
 Chief Executive Officer
 UK Asset Resolution
 Croft Road
 Crossflatts
 Bingley
 West Yorkshire BD16 2UA

HOUSE OF LORDS
 LONDON SW1A 0PW



RT HON LORD MCFALL OF ALCUTH

4 - JAN 2016