

A woman with dark hair, wearing a black dress with a red patterned collar, is shown from the waist up, looking towards the camera. The dress is draped over her shoulders.

You can
benefit from
your policy
before it
matures

Policy Loans Brochure

A step by step guide to Policy Loans

Most of us reach a stage in life when something we want is just beyond our reach. A brand new car, a dream holiday, a traditional wedding with all the trimmings. Or maybe giving your children a private education?

Securing a Scottish Widows Bank Policy Loan with your Scottish Widows or Lloyds TSB life assurance policy is an ideal way to borrow. It's cost-effective, flexible and getting agreement for your loan can be quick and straightforward.

A Policy Loan allows you to borrow up to 80% of the surrender value.



What happens to your life assurance policy?

For the duration of the loan your policy will be assigned to Scottish Widows Bank as security against the borrowing. While the loan is in force you must continue to pay your policy premiums in the usual way.

When the loan is repaid Scottish Widows Bank will reassign the policy and all rights will revert back to you.

Calculating how much you can borrow

Providing you've had your policy up and running long enough, you can usually borrow from £1,000 up to 80% of the current surrender value, including any terminal bonuses.

The flexible loan

The great flexibility of a Policy Loan is that you can borrow funds at any time. This means that you may be able to drawdown a lump sum now and further drawdowns (minimum £100) in the future up to your pre-agreed limit. All further drawdowns are subject to the value of your policy at the time of the additional drawdowns.

How much does it cost?

Because your Policy Loan is secured against your life assurance policy, the interest you pay is usually much lower than a typical unsecured loan. We set the interest rate at 3% above the Bank of England bare rate.

Because the interest rate is linked to Base Rate it may change with market conditions, but will always remain competitive. Find out about our current Base Rate by calling the Scottish Widows Bank pre-recorded interest information line on 0870 845 0829, or by visiting our website at www.scottishwidowsbank.co.uk

Paying back the loan

You can apply to repay the loan over any length of time, up to the maturity date of the policy. However, unless you have a specific reason for leaving repayment until the maturity date, we recommend repayment over a reasonable period. For example, three to four years if you use your Policy Loan to buy a car. Or, around a year if you've borrowed for a holiday. But the choice is yours.

You can also choose to repay the loan and interest by regular monthly Direct Debit or lump sum repayments. You also have the option to pay interest on the loan or simply add the interest to your loan and repay when the policy matures. Whatever suits you best.

Repayments by phone



If ever you wish to make occasional repayments, over and above your pre-agreed arrangement, simply call Scottish Widows Bank Customer Service staff. Our telephone banking service is available between 8am and 6pm, Monday to Friday (from 10am Wednesdays) on 0845 845 0829, choosing option 1.

No hidden costs

There are no hidden costs with our Policy Loans.

- No set up costs.
- No arrangement fees.
- No early redemption charges.

Everything You Should Know About a Policy Loan

1. Purpose

The following information is intended to give practical guidance for the efficient operation of the account. Should you require additional help please telephone our Customer Service staff on 0845 845 0829 who will be happy to assist.

2. Direct Debit

Please ensure you complete the Direct Debit mandate giving us authority to deduct the repayments from your bank account at your request.

3. Steps Required to Complete the Loan

Enclose your original policy document/s and any original legal documents relating to previous assignments and re-assignments against the policy. As these are part of the legal title to the policy we need to have these in our possession before we can make any funds available to you.

Documentation may be required to support your application. Please telephone our Customer Service staff on 0845 845 0829 who will be happy to answer any questions you have.

4. How Your Loan Can Be Used

After Scottish Widows plc or Lloyds TSB have noted our assignment over your policy, you may give us instructions by telephone regarding the use of your loan. Alternatives are as follows:

4.1 Flexible Loan

The loan may be operated flexibly and you can choose to repay all or part of the loan at any time. In addition you may be able to make a further drawdown (minimum £100) up to the credit limit. This transaction is subject to the value of your policy at this time.

4.2 Repayment by Instalments

Alternatively, you may select to repay the loan over an agreed period by making regular monthly payments by Direct Debit. Our Customer Service staff will guide you regarding the amount of payment required. Please note, as interest rates may vary, the final payment date may change.

4.3 Interest Paid

You may decide to simply make monthly payments sufficient to cover the interest accruing on your loan leaving the capital sum for repayment at a later date or to be repaid on maturity of your policy. Again guidance will be available from our Customer Service staff.

4.4 Interest Added

It is also possible to add the interest to your loan account on a monthly basis rather than make a regular monthly interest payment. With this arrangement, the amount you could borrow would be restricted to allow for the addition of interest to the loan balance.

Your loan account will be reviewed from time to time. As part of the review, we will obtain an up-to-date value of your policy to ensure that the security covers the outstanding loan balance. Should the outstanding loan balance exceed the agreed loan to value percentage, you will be required to make monthly payments to the loan.

5. Joint Accounts

This section applies if more than one customer is named in Section 2 of the application form. The instructions in this form will apply to all future accounts you open in both of your names unless you specifically tell us otherwise.

A joint account means:

1. Both of you are separately responsible for keeping to its terms. If either of you does not keep to them, we can take action against either or both of you singly or together.
2. We may give any information about the account to either of you (even if you request that both of you must sign instructions to us).
3. Either of you will be able to withdraw any money in the account (which may be without the other's knowledge). We will not be obliged to make any enquiries about the purpose of any transactions.
4. The account cannot later be put into just one of your names, unless you both agree.
5. If there is a dispute between you about your account, we may require you both to authorise transactions until you both agree how the account is to be run.
6. Where the borrower is more than one person, the liability of each person is joint and several, which means both persons are liable together, as well as separately and individually, for the whole of any policy loan balance.
7. The bank account you nominate in Section 3 of the application form must also be in joint names.

6. Interest Rates

- 6.1 The interest rate to be charged will be as shown in your Loan Agreement.
- 6.2 Any change to the Bank of England base rate will immediately alter the rate of interest payable on the loan.
- 6.3 Interest will be calculated on the daily balance and applied monthly in arrears to the loan account.
- 6.4 Ongoing details of the Bank of England base can be obtained at any time by telephoning our 24-hour pre-recorded interest information line (0870 845 0829) or by visiting our website at www.scottishwidowsbank.co.uk

NB. When advising interest rates to you, we will include details of the Annual Percentage Rate ('APR'). This is a common measure quoted by all lenders to allow you to compare the cost and competitiveness of different types of credit on offer.

7. Payments

- 7.1 We require that a completed Direct Debit mandate is held to enable payments to be collected from your existing bank or building society account in accordance with your instructions.
- 7.2 For your protection, payment is made by electronic funds transfer to and from your existing personal bank or building society account and we require to see an original bank statement for this account which should be in your name.
- 7.3 Again for your security, payments will not be made to or accepted from a third party.
- 7.4 Any future changes to your existing bank account details require to be notified to us in writing using the appropriate Account Details Amendment form. Copies of this form can be obtained on request from our Customer Service staff. We also require to see an original bank statement for the new account in your name.
- 7.5 All debit and credit transfers require two business days' notice. The payment is then immediate with the debit of your existing bank or building society account and the credit of the loan account applied

on the same day. We are able to transfer funds to your account on a same day basis up until 2.00pm on any business day, however there will be a fee for this service.

8. Statements

A statement of account will be provided to you annually. Should additional statements be required this may be regarded as an exceptional service and we reserve the right to apply a charge.

9. Telephone Banking

9.1 As the Direct Debit mandate covers occasional as well as regular payments it is particularly suitable for operating in tandem with our telephone banking service. Should you wish to make an individual payment, simply telephone our Customer Service staff with the details – we will do the rest.

9.2 Our telephone banking service is designed to assist you to deal with us with the minimum of paperwork or fuss and maximum security. Our Customer Service staff are available between 8am - 6pm Monday to Friday (from 10am Wednesdays) to:

- Provide you with details of your outstanding loan balance and accrued interest.
- Handle general queries.

Policy Loans

Customer Service Staff
0845 845 0829 – option 3
8am - 6pm Monday to Friday
(from 10am Wednesdays)

10. Security

On opening an account with us, you will be allocated an account number. Its purpose is to assist us in locating your account details in order to deal efficiently with your requirements. It is not a personal security code but should be quoted in all correspondence and in telephone enquiries. The security details you provide on your application form will be held on file for your protection. Always take reasonable steps to keep passwords and other security information secret at all times. This is essential to help prevent fraud and protect the accounts.

11. Variation to terms and conditions

If terms and conditions are changed to your detriment you will be given at least 30 days personal notice by letter before the change takes effect. At any time during the 60 days from the date of the notification you are free to close or switch your account without having to give notice. You are also free to close or switch accounts without any financial penalty.

Where a change to terms and conditions are not to your disadvantage it can be made immediately. However, you will be notified of the change within 30 days. Notification will be in the form of personal letter, press advertisements or information on the website. If we make a major change or a lot of minor changes to terms and conditions in any one year we will provide you with a summary of the changes and make available a full copy of the terms and conditions.

Policy Loans at a glance

Key features

- Flexible, straightforward loan.
- Competitive variable interest rate.
- No hidden costs.

Qualifying criteria

- Over 18 years of age.
- Holder of qualifying policy.
- Available to individuals only.

Lending criteria

- Joint Life Assured will require a joint application.
- Scottish Widows and Lloyds TSB Life Endowment and Whole of Life policies.
- Also, specific Scottish Widows Investment Bonds (please call for guidance).
- Subject to Credit Assessment.
- Up to 80% of the current surrender value.

Please note that if you intend to add the monthly interest to your loan as it accrues, it will be necessary to have an adequate margin to accommodate these increases and your loan will normally be restricted to 70% of the surrender value.

Minimum loan

Minimum loan £1,000. Minimum further drawdown £100.

Interest rate

3% above the Bank of England Base Rate.

Term of loan

Minimum 1 year.

Maximum to maturity of policy.

Security

The policy(ies) is/are assigned to Scottish Widows Bank and held during the period of the loan.

Suitability

Taking a Policy Loan is only one option open to you. In deciding whether or not this option is the right one for you, you should consider carefully:

- The most suitable method of repaying.
- How the interest rate payable on the loan compares to what the return on the policy over the term of the loan might be.

You should be aware that if the policy value is less than the loan (or loan plus interest) at the time your policy matures or is surrendered you will be liable to pay the shortfall.

If you have any doubts as to what your options are or whether taking out a loan against your policy is a suitable option for you, you should contact your Financial Adviser before coming to any decision.

Application for Policy Loans

Should you require any guidance in the completion of this form please contact our Customer Service staff on 0845 845 0829 (local call rates). Please complete this form in **BLOCK CAPITALS** and in ink.

Identification Number (for bank use only)

1. About your loan

To find out the maximum amount which may be available for you to borrow we recommend that you first contact us to obtain your current total surrender value/s.

Limit required (To a maximum of 80% of current Surrender Value) £

Initial amount required if different from limit £

Current surrender value £

Purpose of loan:

Repayment Methods: (please tick as appropriate)

Option 1 Interest Only

Interest Payments Collected monthly by Direct Debit

OR Added monthly to the loan balance (normally subject to a maximum of 70%)

Option 2 Fixed Term

Repayment Period 24 months 36 months 48 months 60 months

or other period (please specify)

Option 3 Flexible Payments Preferred payment date for all options (DD/MM/YYYY)

Monthly Payment Amount

2. Applicant(s) details

	First Customer	Second Customer
Title	Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/> Ms <input type="checkbox"/> Other <input type="text"/>	Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/> Ms <input type="checkbox"/> Other <input type="text"/>
First name	<input type="text"/>	<input type="text"/>
Surname	<input type="text"/>	<input type="text"/>
Address	<input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>
Postcode	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Country of residence	<input type="text"/>	<input type="text"/>
Country of nationality	<input type="text"/>	<input type="text"/>
Date of birth (DD/MM/YYYY)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Telephone Number – Day (inc.STD)	<input type="text"/>	<input type="text"/>
Telephone Number – Night (inc.STD)	<input type="text"/>	<input type="text"/>



2. Applicant(s) details (continued)

How long have you lived at current address?	<input type="text"/> years	<input type="text"/> months	<input type="text"/> years	<input type="text"/> months
Previous address <small>(if less than 3 years at current address)</small>	<input type="text"/>		<input type="text"/>	
	<input type="text"/>		<input type="text"/>	
	<input type="text"/>		<input type="text"/>	
Postcode	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
How long at previous address?	<input type="text"/> years	<input type="text"/> months	<input type="text"/> years	<input type="text"/> months
Employer's name	<input type="text"/>		<input type="text"/>	
Employer's address	<input type="text"/>		<input type="text"/>	
	<input type="text"/>		<input type="text"/>	
	<input type="text"/>		<input type="text"/>	
Postcode	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
How long Employed/or Self Employed (delete)	<input type="text"/> years	<input type="text"/> months	<input type="text"/> years	<input type="text"/> months
Occupation	<input type="text"/>		<input type="text"/>	
Your relationship status	Single	<input type="checkbox"/>		
	Married/in a registered civil partnership	<input type="checkbox"/>		
	Separated	<input type="checkbox"/>		
	Divorced/registered civil partnership dissolved	<input type="checkbox"/>		
	Widowed/a surviving registered civil partner	<input type="checkbox"/>		
How many children under 17 years of age?	<input type="text"/>			
Are you	Home owner <input type="checkbox"/>	Tenant <input type="checkbox"/>	With Parents <input type="checkbox"/>	Other (please specify) <input type="checkbox"/>
If owner:	Estimated value of house	<input type="text"/> £		
	Mortgage outstanding	<input type="text"/> £		

3. Bank/Building Society Details

Bank/Building Society Name	<input type="text"/>			
Branch Address	<input type="text"/>			
	<input type="text"/>			
Postcode	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Account details	Account No	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Sort Code	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Name of Account	<input type="text"/>		

Please remember to complete the Direct Debit mandate.

4. Details of the policy(ies) to be assigned to us

Policy Number	Company	Life/Lives Assured	Maturity Date (if known)
(a)			
(b)			

Is/are the policy(ies) intended to repay a mortgage? Yes No



5. Security Identification

Applicant 1

Applicant 2 / Guarantor

In order to provide confidential telephone access for you we require the following code words. When you call we will ask for two or more of these. Telephone calls may be recorded for the protection of both parties.

Always take reasonable steps to keep passwords and other security information secret at all times. This is essential to help prevent fraud and protect the accounts. Take care when storing or getting rid of information about your accounts. You should take simple steps such as shredding printed material.

- | | | |
|----------------------------------|----------------------|----------------------|
| 1. First primary school | <input type="text"/> | <input type="text"/> |
| 2. Mother's maiden name | <input type="text"/> | <input type="text"/> |
| 3. Customer code word (optional) | <input type="text"/> | <input type="text"/> |

6. Independent Financial Adviser (IFA) Details

Do you have an IFA? Yes No If yes:

IFA Name

Address

Postcode

Scottish Widows Agency No. (if known)

Please send prepared credit agreements to my IFA who will arrange with me to have them signed. Yes No

The following Declaration must be read, agreed and signed by all applicants:

Note: Throughout the following the words "I", "my" and "me" refer to the Applicant(s) of the Policy Loan Application and may be taken where appropriate to mean the plural as well as the singular. The words "you", "your" and "Scottish Widows Bank" refer to Scottish Widows Bank plc.

7. Data Protection Statement

This Declaration relates to the personal details given on this form and to any other information which I provide to Scottish Widows Bank, or which it holds on me. I agree that you may hold information on me for administration, research, analysis, credit, money laundering checks, fraud prevention and the marketing of financial and related products and services. In accordance with the Data Protection Act 1998 I understand that I have a right to ask you to send a copy of this information (on payment of an administration fee) and the right to request you to change any of this information if it is incorrect. I understand that in accordance with the Lending Code you will remind me periodically that I can request Scottish Widows Bank not to send me any marketing information regarding additional products and services of Scottish Widows Bank or other companies by writing to you at Scottish Widows Bank plc, PO Box 12757, 67 Morrison Street, Edinburgh EH3 8YJ, quoting my account number. I understand that you may undertake a credit search with a credit reference agency and that the search may be recorded by the credit reference agency and subsequently used by other lenders. I understand that the information may, in certain cases, be disclosed to other companies in the Lloyds Banking Group, or agents acting on behalf of the Group, where the interests of Scottish Widows Bank require such a disclosure. Information, including full details of the conduct of my account and any transactions that I make, may be shared and used by you and other companies within the Group, to enable you and those companies to identify and advise me, by post, telephone or other electronic media, of any products and services that you or those companies think may be of interest to me. I understand that if I do not want to receive details of other products or services, I can indicate this by ticking the box . Other Lloyds Banking Group companies will not make marketing approaches to you unless you already have a relationship with them. Alternatively, I can write to: Scottish Widows Bank plc, PO Box 12757, 67 Morrison Street, Edinburgh EH3 8YJ quoting my account number.

Warning: Messages sent by email may not be secure and may be intercepted by third parties. For these reasons, please do not use email to send us communications which contain confidential information. If you disregard this warning and choose to send us confidential information, you agree that you do so at your own risk and that you will not hold the Bank responsible for any loss you suffer as a result.

8. Contracts (Rights of Third Parties) Act 1999

This contract is between me and Scottish Widows Bank. The terms of the Contracts (Rights of Third Parties) Act are specifically excluded. This means that only parties to the contract (or their legal successor(s), assignee(s) or other security holder(s)) may have contractual rights.



9. General Declaration

I declare and agree that:

1. I am 18 years of age or over.
2. The said policy(ies) are vested in me as sole owner for my own use absolutely, subject to the loan(s), if any, already granted thereon by you but free from any other claim or interest.
3. I authorise you or any company appointed on your behalf to make such enquiries and to take any references relating to me as it considers necessary to include but not limited to an existing/previous employer, accountant and banker to confirm the truth and accuracy of the information given in my application. Any costs incurred in doing so will be my responsibility. You may supply information provided by such persons and any information given in my application to credit reference agencies, credit bureaux, fraud prevention agencies and other proper persons and agencies. Information shared amongst third parties is used only to make lending decisions and to assist with the detection and prevention of fraud.
4. When assessing my application and managing my borrowing automated decision making systems may be used. I agree that when making credit decisions you may make searches at credit reference agencies, including electoral register information. These searches will be recorded by the credit reference agencies whether or not this application proceeds. This may affect your ability to borrow from other lenders within a short period.
5. I agree that applying in joint names will create a financial link between us at the credit reference agencies, meaning that my financial affairs and those of my joint applicant may be treated as affecting each other.
6. Information held about me by the credit reference agencies may already be linked to records relating to one or more of my partners and my application will be assessed with reference to any "associated" records.
7. By stating a financial association with another party in my application, I am also declaring that I am entitled to:
 - Disclose information about my joint applicant and/or anyone else referred to by me
 - Authorise you to search, link and/or record information at credit reference agencies about me and/or anyone else referred to by me.
8. You may disclose how I run my accounts to the credit reference agencies. In the event that you make a formal demand for repayment of my borrowing and I do not make full repayment or satisfactory proposals to you within 28 days, you may disclose this to the agencies, who will record the outstanding debt.
9. You may check what I have told you and share information with fraud prevention agencies. I understand that it is important that I give you accurate information as if I give false or inaccurate data and you suspect fraud, you will record this at the fraud prevention agencies. Law enforcement agencies may access and use this information. You and other organisations may access and use, from other countries, the information recorded by fraud prevention agencies.
10. You and other organisations may use credit reference agency and fraud prevention agency records about me and people financially linked to me, and others in my household to help make decisions about me and them:
 - for credit and credit related services, and to manage my accounts,
 - for motor, household, credit, life, and other insurance proposals or claims,
 - for fraud prevention and detection, debtor tracing, debt recovery, and to check my identity to prevent money laundering, and
 - checking details of job applicants and employees.
11. If I ask, you will tell me which credit and fraud prevention agencies you have used so I can get a copy of my details from them.
12. You may monitor or record phone calls with me in case you need to check you have carried out my instructions correctly and to help improve your quality of service.
13. The information you hold about me is confidential. You will only disclose it outside the Group when:
 - I give you my consent,
 - it is needed by your agents and others involved in running accounts and services for me,
 - you or others need to investigate or prevent crime,
 - the law permits or requires it, even without my consent,
 - there is a duty to the public to reveal the information, or
 - you need to assist any body which monitors compliance with any code of practice to which you subscribe, in discharging its functions under the code.
 - you need to assist the financial ombudsman or your regulator.
14. The rate of interest and monthly payment for any Loan granted may be varied from time to time.
15. I agree that my existing/previous employer, accountant and banker may divulge information to you (both during and after completion of the Loan) which would otherwise be confidential insofar as any such information may have a bearing on your decision to lend including but not limited to my ability to meet my financial commitments.
16. I personally provided the details in my application or, if provided by another (for example my financial adviser), I have read and checked every answer.
17. The information given in this application and the information supplied to you on the telephone is true to the best of my knowledge and belief and should the Loan be made such information must be regarded as forming part of the terms of the Loan. If any such information is incorrect I will make good any loss which you may suffer by acting in reliance on such information.
18. For Joint Applicants Only: I hereby authorise you to accept and act on either written or verbal instructions given by any one of us in the event of any Loan being granted.

10. Agreement

I have read and understood the above sections 7, 8 and 9 and I agree with the above, including that you can use my information in the ways described. I understand that a false declaration will forfeit any Loan offer.

Signature of applicant 1

Date (DD/MM/YYYY)

Signature of Applicant 2

Date (DD/MM/YYYY)

Scottish Widows Bank plc, Company number 154554. Registered in Scotland having its Registered Office at:
PO Box 12757, 67 Morrison Street, Edinburgh EH3 8YJ.





For ease of reference

Should you or your clients require any further information on our products, or guidance on the completion of any form, our Customer Service staff will be pleased to assist.

Postal Address: Policy Loans Customer Service
Scottish Widows Bank plc
PO Box 12757
67 Morrison Street
Edinburgh
EH3 8YJ

Tel: 0845 845 0829 (Local Call Rates)

Fax: 0845 846 0829

Website: www.scottishwidowsbank.co.uk

For your added security and to assist us in improving our service to you, telephone calls may be recorded or monitored. The recordings are retained for a short period of time only and are kept strictly confidential.

Complaints Procedure

Scottish Widows Bank has in place an internal complaints procedure, details of which can be obtained by telephone from our Customer Service staff: 0845 845 0829.

Alternatively you can write to us at the above address.

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

Lending Codes

Scottish Widows Bank subscribes to the Lending Code details of which is available online at www.lendingstandardsboard.org.uk

Customers with a disability

Scottish Widows Bank is committed to making its products and services available to everyone. Copies of our literature can be provided in large print or in Braille and additional assistance is available to any customer upon request. If you have any special requirements please contact our Customer Services staff in the first instance on 0845 845 0829.



Scottish Widows Bank plc. Registered Office: PO Box 12757, 67 Morrison Street, Edinburgh EH3 8YJ. Registered in Scotland no. 154554.
Authorised and regulated by the Financial Services Authority. Our Financial Services Authority register number is 201601.
Confirmation can be obtained by visiting the Financial Services Authority website at www.fsa.gov.uk/pages/register/
15997 03/10