

**The Bridging & Development  
Lenders Association (BDLA)**

**CODE OF CONDUCT**

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**PLEASE READ IN CONJUNCTION WITH THE MEMBERSHIP RULES**

**A. OBJECTIVES OF THE ASSOCIATION**

**To promote and enhance good practice in all areas of the short term lending sector at all times**

- A1. To maintain, promote and encourage adherence to the Code of Conduct for and on behalf of the Association and its members;
- A2. To promote, enhance and maintain the reputation of the short-term lending sector with government, regulators, lenders, professional bodies, consumer groups, the business community, the press and the public;
- A3. To encourage professional and social interaction between its Members;
- A4. To engage in discussions with firms who may offer favourable terms to members to enable them to pursue their business activities;
- A5. To monitor any Bill, Green or White Paper, Act of Parliament, regulation or order relevant to short term lending and, when appropriate, to make submissions and representations in respect of any such material and to lobby generally on matters which may affect the business of its Members;
- A6. To collect, record and circulate industry statistics and data, providing appropriate commentary when required, regarding the short-term lending sector;
- A7. To co-operate with and to establish working relationships with any associations or organisations with similar or complementary objectives;
- A8. To promote and maximise representation of the short term lending industry;
- A9. To seek to prevent and protect against fraud;
- A10. To engage in all such other activities that further the primary objectives of the Association that the elected Board of Directors, acting on behalf of the Association, may decide from time to time.

## **B. MEMBERS CONFORMITY**

**A Member shall make itself aware of, and conduct itself and its business, and conform at all times with:-**

- B1. The Association's Code of Conduct in force from time to time;
- B2. The stated Objectives of the Association;
- B3. The Rules of Membership of the Association; and
- B4. The need to understand and adhere to all applicable legislation

## **C. RULES OF CONDUCT**

**Membership Rules are designed to ensure good practice at all times. A member should:**

- C1. not seek to, nor acquire business using business methods which, in the opinion of the Association (acting through its Executive Committee), are or are likely to be reasonably perceived to be oppressive, dishonest, deceitful, misrepresentative or in any other manner contrary to the aims or standards of the Association or legislative required standards;
- C2. not propose to a prospective customer terms and conditions for the provision of services which are anything other than fair and reasonable. For the avoidance of doubt, this includes non-refundable fees:
- C3. bring to the customer's attention its terms of business (including all costs and fees to be charged (or reasonable estimates where appropriate), or which could be charged in certain circumstances), in obtaining its customer's acceptance to its terms of business before carrying out any lending business;
  - C3.1 for the avoidance of doubt, where the member has an alternative higher interest rate which is applied in certain circumstances (e.g. in the case of default) the above requirement will extend to any initial document setting out proposed terms of business where such document incorporates an indicative interest rate.

- C3.2 all fees, pre or post offer, should be clearly identified to the customer prior to offer and certainly before completion of the mortgage transaction. Where possible signed acceptance / understanding of such fees should be obtained from the customer prior to completion.
- C4. not issue terms, nor charge fees, where they do not reasonably expect to provide finance, nor give any undertaking or other assurance to a customer or a third party which cannot reasonably be discharged;
- C5. treat customers and all other third parties at all times fairly and courteously. For the avoidance of doubt the Association's standard interpretation of treating customers fairly is equivalent to that of the Financial Conduct Authority and should be followed at all times;
- C6. at all times respect the confidentiality of, and not publicise, information provided to it in the course of its business including information provided to the member by the Association including; but not limited to, such information contained in the Quarterly Data returns which the Association has indicated it wishes to remain confidential;
- C7. not advertise or promote its business services in such a way as to cause offence, or in a misleading way or in any way or with any content likely to bring the Association and its Members into disrepute;
- C8. advertise in accordance with legislation and any current and applicable advertising codes of conduct;
- C9. when using the Association's Logo and Trademarks on all advertising, promotional or business material, do so strictly in accordance with the Terms of Use of the Association's Logos contained in this Code;
- C10. not charge or collect any commission or other payment which is, or might be perceived as being, excessive or incompatible with the prevailing terms of business normally applied in the bridging industry;
- C10.1 For the avoidance of doubt, where the Member has a provision that a higher or non-discounted rate be applied in the event of default, then such rate should only be applied from the date of the default or the date of notification to the client, if later, and not back-dated to the initial date of the advance of the loan;
- C10.2 For the avoidance of doubt, the Executive Committee will set, from time to time, a maximum rate that might be perceived to be excessive in relation to a non-discounted and/or default rate;

- C11. always disclose to the customer all fees and commissions or other financial benefits payable by the Member to a financial intermediary, broker or third party in connection with the customer's loan including any override payments that might be made in the future;
- C12. apply the MCOB inducement rules (as per 12.1 to 12.3 below) to all business (i.e. regulated and otherwise);
- C12.1 Firms are allowed to receive and provide indirect benefits such as gifts, hospitality and promotional competition prizes, providing "it is not likely to give rise to a conflict with the duties that the recipient owes to the customer."
- C12.2 A firm must not operate a system of giving or offering inducements to a mortgage intermediary, or any other third party whereby the value of the inducement increases if the intermediary or third party, such as a packager, exceeds a target set for the amount of business referred (for example, a volume override)."
- C12.3 The provider must also quantify, in cash terms, any material inducement it offers to a mortgage broker or a third party and this will need to be disclosed to the customer in advance of, or at the time of production of the mortgage offer.
- C13. if not offering regulated loans and if not regulated by the FCA; state so clearly on their websites;
- C14. establish and publish a complaints handling procedure compliant with the requirements of the Financial Ombudsman Service and ensure compliance with this Code and with all applicable legislation. Deal promptly and fairly with any complaints to comply with the Service, this Code or otherwise;
- C15. respond within 10 working days fully and comprehensively to requests for information requested by the CEO or by the Disciplinary Committee in respect of complaints lodged against the Member;
- C16. on request, produce such relevant information about its business as the Committee may request from time to time including but not limited to quarterly returns containing details of:-
- loan applications received;
  - loans written;
  - loans outstanding; and
  - loan defaults,

in respect of residential, commercial, regulated and non-regulated business. For the avoidance of doubt, the information requested shall be provided and circulated on an anonymous basis;

- C17. ensure that those employees, directors, partners and agents of the Member directly and actively engaged with or undertaking short term bridging loan business are fully aware of the Member's responsibilities under this Code and the Member shall be deemed to be liable for any breach of this Code by its employees, directors and partners; and shall be accountable to the Association accordingly;
- C18. not do, omit to do or permit to be done anything which might adversely affect the reputation of the short term lending industry or the Association; and
- C19. shall maintain at all times all licences necessary to operate the Member's business and membership of the appropriate governing body and operate its business in accordance with and comply at all times with the requirements and rules of the regulatory or supervisory body to whose authority the Member is subject.
- C20. It is noted that, where special permission has been given to members to provide for a delay in conforming with Clauses C12 and C13 above, such permission must be provided in writing by the CEO for the time being of the BDLA and should be for a reasonable period (generally for not more than 3 months).

## **D. COMPLAINTS AND DISCIPLINARY PROCEDURE**

D1. Where the conduct of a Member shall appear, in the reasonable opinion of:-

- the Executive Board or;
- one or more of its Members or;
- a customer of the Member or other associated party;

materially to breach this Code or otherwise be injurious to the reputation or integrity of the Association or otherwise be objectionable in any respect, a complaint shall be submitted and heard in accordance with the provisions of this clause D4.

D2. For the avoidance of doubt the Association does not operate a Dispute Resolution Service and the purpose of this complaints procedure is to ensure reasonable compliance by a Member with this Code rather than to hear and resolve disputes between a Member and a customer.

D3. A Disciplinary Committee will be established at the discretion of the CEO to deal with complaints. The Disciplinary Committee will consist of the CEO, and include a qualified Solicitor with relevant industry experience, and senior representative from a trade

body associated with the property finance industry (e.g. CML, NACFB, FIBA). Should the CEO feel that it is necessary, he may co-opt one or more of the members of the Executive Committee for the purposes of dealing with a specific complaint.

D4. A complaint shall be submitted and heard as follows:-

D4.1 a formal written complaint must be lodged by, or on behalf of the complainant (who may include the Board acting under D1. above) with the CEO who will notify the Member concerned and the Executive Committee;

D4.2 The complaint will first be considered by the CEO who shall be entitled to demand such papers or information as he may require from the Member against whom the complaint has been lodged and to request further information from the complainant in order to investigate the complaint if he considers that the complaint is genuine and of a type that should be considered by the Association;

D4.3 The CEO will acknowledge receipt of the complaint to the complainant within 5 working days of the receipt of the complaint, investigate the matter diligently and within 15 working days refer the matter to the Executive Committee with his preliminary recommendations as to any recommended action on any complaints which constitute a breach of this Code;

D4.4 Should a majority of the Executive Committee so decide, the CEO will appoint and convene a Disciplinary Committee to adjudicate the matter. For the avoidance of doubt, if the complaint be against a firm represented by a member of the Executive Committee, that member shall not participate or vote in any meetings at which the matter is discussed.

D4.5 The Disciplinary Committee will hear the complaint within a reasonable period of the complaint being referred to it;

D4.6 In the event that the complaint is lodged against any of the officers of the Executive Committee or a Member of which that officer is a representative, it will be incumbent upon the Executive Committee Members for the time being to co-opt a Member of the Association willing to serve on the Executive Committee in place of that officer until the complaint has been discharged;

D4.7 The Member will be offered the opportunity to appear by its representative(s) or in person before the Disciplinary Committee in order to justify or explain its conduct and/or to make a statement in writing, if appropriate;

D4.8 The Disciplinary Committee's decision, which must be unanimous, may include a reprimand, or suspension pending further investigation, remedial action or expulsion and any decision will be notified in writing to the Member and the complainant within 5 working days of the hearing;

D5. Examples of breaches of this Code which may justify immediate suspension or expulsion include but are not limited to:-

D5.1 the Member, or where applicable, any of the representatives of the Member, being charged with any criminal offence which in the reasonable opinion of the Disciplinary Committee may bring the Association into disrepute;

D5.2 conviction of the Member or, where applicable, any of the representatives of the Member, of any criminal offence which in the reasonable opinion of the Disciplinary Committee, has brought or is likely to bring, the Association into disrepute;

D5.3 if a petition for a bankruptcy order is presented against a Member which is not subsequently discharged;

D5.4 in the case of a Member which is a corporate body, where a petition for an administration order is presented against it or it resolves to present a petition for an administration order or a winding up petition is presented against it;

D5.5 if it appears to the Disciplinary Committee that a Member ceases to meet the qualifications for membership or any condition for membership from time to time imposed on it, including rules set out elsewhere in this document;

D5.6 where an encumbrancer takes possession or a receiver is appointed over any of the property or assets of a Member;

D5.7 a Member makes a voluntary arrangement with its creditors or becomes subject to an administration order or goes into liquidation;

D5.8 being reprimanded, fined, suspended or prosecuted by either the Financial Conduct Authority or any other regulatory or supervisory body to whose authority the Member is subject.

**For the avoidance of doubt it is the responsibility of the Member to advise the Association immediately upon occurrence of any of the above events.**

D6. Each Member acknowledges and accepts that details of any decision of the Disciplinary Committee made under this complaints and disciplinary procedure may be published on the Association's website.

## **Appeals**

- D7. In the event that the Member or the complainant wishes to appeal against the decision of the Committee, it may give reasons and notice of its intention to appeal to the Board on a complaint brought under this Code's disciplinary and complaints procedure.
- D8. Notice of appeal must be provided to the CEO, in a recordable delivery manner, within 10 working days of the date on which the letter giving the Committee decision is sent. Such letter from the Association to be delivered in a recordable manner.
- D9. The Board will convene an Appeal Committee which will be chaired by a Member of the Board nominated by the Board. The Committee will comprise a minimum of 4 persons including the Chairman who will fix the date for the appeal. The appeal must be heard within 30 working days of receipt by CEO of notice of appeal.
- D10. The Appeal Committee will exclude the Members of the Committee appointed to hear the original complaint, where ever possible.
- D11. The Member will be invited to attend the appeal and / or to be represented in accordance with the procedures regarding an attendance at the original hearing.
- D12. The Appeal Committee may, where they deem it appropriate, refer the appeal to all the Members of the Association for consideration and a vote.
- D13. The decision of the Appeal Committee shall be provided in writing to the Member and the complainant within 10 working days of the hearing of the appeal.
- D14. The Appeal Committee decision shall be final and binding on the Member.
- D15. If the decision of the Committee is for the expulsion of the Member that Member shall cease to be a Member of the Association. Any elected board representative of the Member shall immediately cease to be a director of the Association. The Member will no longer, in any circumstances thereafter, be entitled to hold itself out to be a Member in any way. Nor shall it have any right on the Association or its property or funds or be entitled to any refund of fees paid to the Association.
- D16. Subject to any restriction or obligation imposed on the Association under prevailing legislation, the Association reserves the right to make known its findings under disciplinary proceedings to the Members of the Association, via its website or otherwise, and exceptionally in any national, trade, newspaper or publication as the Board may decide.

- D17. A Member will be answerable (and accountable) to the Association for the acts of all its partners, employees and directors (whether they are registered individuals of the Association or not).

## **E. USE OF THE ASSOCIATION'S LOGOS**

- E1. Authorised users of the Logos or Trademarks of the Association (“the Marks”) shall be the Members of the Association and any wholly-owned subsidiary company of a Member undertaking short term lending as its principal activity and approved in advance by the Association.
- E2. The Marks are the absolute property of the Association and shall not be used by any other person or body otherwise than in accordance with this Code of Conduct.
- E3. The Marks may be reproduced as attached.
- E4. A Member shall ensure that all its business, advertising or promotional material and stationery shall display the Marks by no later than six months from the date that it becomes a Member of the Association and at all times thereafter.
- E5. If any Member, having ceased to be a Member of the Association, continues to use either or both of the Marks, proceedings may be issued under the Trade Marks Act 1994 by the Association and such other legal action, including proceedings for compensation may be taken as is considered appropriate to protect the Marks and the goodwill of the Association.

## **F. GENERALLY**

- F1. A Member shall be deemed to have read and understood this Code of Conduct at the time its application for membership is accepted and shall raise no objection in relation thereto.
- F2. This Code is constantly under review and the Members will be given reasonable notice of any amendments or revision thereto.

## **G. DEFINITIONS AND NOTICES**

- G1. Where the context permits:
- Words importing a male gender will include the female and neuter and the singular the plural and vice versa and references to an act includes its omission.

- References to any provision of an Act of Parliament or statutory regulation include a reference to any subsequent statutory modification, re-enactment or amendment of the provision for the time being in force.

G2. Notices or correspondence relating to this Code of Conduct should be delivered personally to or sent by first class post or email to:-

The Chief Executive Officer  
The Bridging & Development Lenders Association  
1 Bell Street  
Maidenhead  
Berkshire  
SL6 1BU

Tel: 01628 367139  
[www.thebdla.org](http://www.thebdla.org)  
[info@thebdla.org](mailto:info@thebdla.org)

Registered Number: 06532248  
Registered Office: 325-327 Oldfield Lane North, Greenford. Middlesex, UB6 0FX  
Trading Address: 1 Bell Street, Maidenhead, Berkshire, SL6 1BU