

Intermediaries and investment
professionals only: not for public
distribution

August 2018

Investment and Consumer Buy to Let mortgages guide

How we define Investment Buy to Let and Consumer Buy to Let mortgages

The Mortgage Credit Directive (MCD), was effective from 21 March 2016, it introduced a legislative framework for Consumer Buy to Let (BTL). It covers the small number of Buy to Lets where the borrower have not entered into the mortgage contract for business/investment purposes.

BTL mortgages for business/investment purposes are not covered by the new MCD rules. This type of mortgage will be known as Investment BTL.

	Investment BTL (most BTL mortgages)	Consumer BTL (small number of BTL mortgages)
How we define	<ul style="list-style-type: none"> The property is for business purposes for long-term income and/or asset growth. 	<ul style="list-style-type: none"> Short-term solution due to circumstances, e.g. 'accidental landlords'. It is the responsibility of the intermediary to determine if a case is Consumer BTL, e.g. applicant can't sell an inherited property and needs the rental income as a short-term measure to maintain the property.
How we identify on Introducer Internet	<ul style="list-style-type: none"> Purchase or remortgages where business purpose for long-term income and/or asset growth. 	<p>Must meet all of the following criteria:</p> <ul style="list-style-type: none"> No other BTL properties Not for business/income purposes Remortgage only.
MCD protection	<ul style="list-style-type: none"> No consumer rights as business/investment transaction. 	<ul style="list-style-type: none"> Increased upfront disclosures e.g. point of sale KFI to be provided. Applicants have complaints rights with the Financial Ombudsman. Lenders must treat consumers in arrears reasonably.
Applicant declaration	<ul style="list-style-type: none"> Online confirmation that client is applying for a BTL mortgage for business purposes. Intermediary to retain signed copy of BTL mortgage customer declaration. 	<ul style="list-style-type: none"> Intermediary to retain signed copy of BTL mortgage customer declaration.
What FCA permissions do you need	<ul style="list-style-type: none"> We'll only accept if intermediary is registered with the FCA for residential mortgages. 	<ul style="list-style-type: none"> Intermediary must be registered with the FCA for residential mortgages and registered, with the FCA for Consumer BTL. You'll need to confirm you have the correct permissions in Introducer Internet; we won't check/validate this with FCA.

Santander for Intermediaries is a brand of Santander UK plc and is not a regulated company. Santander UK plc. Registered Office: 2 Triton Square, Regent's Place, London, NW1 3AN, United Kingdom. Registered Number 2294747. Registered in England and Wales. www.santander.co.uk. Telephone 0800 389 7000. Calls may be recorded or monitored. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 106054. Santander and the flame logo are registered trademarks.

