

Witness Name: Charles Roe  
Statement No.: WITN7532001  
Exhibits: Nil  
Dated: 29 November 2022

## **INFECTED BLOOD INQUIRY**

---

### **WRITTEN STATEMENT OF CHARLES ROE**

---

I provide this statement in response to a request under Rule 9(1) and (2) of the Inquiry Rules 2006 dated 13 July 2022.

I, CHARLES ROE, will say as follows: -

#### **Section 1: Introduction**

**Q.1 Please set out your name, address, and any relevant professional qualifications relevant to the role you currently discharge.**

1. My Name is Charles Roe, my address courtesy of UK Finance is 5<sup>th</sup> Floor, Angel Court, London, EC2R 7HJ.
2. From 2005-2015, I worked for the Financial Conduct Authority (FCA) (formerly the Financial Services authority). I was Head of Department for the mortgages sector for the period 2013-2015.
3. After leaving the FCA, I worked for a financial services consultancy for 3 years (primarily working with firms on conduct related consumer lending issues). Immediately before joining UK Finance, I was Chief Risk Officer for two years at one of the UK's larger building societies.

**Q.2 Please describe, in broad terms, your role and responsibilities as Director, Mortgages at UK Finance.**

4. UK Finance is the collective voice for the banking and finance industry. Representing more than 300 firms across the industry, it acts to enhance competitiveness, support customers, and facilitate innovation. In addition to representing over 100 residential mortgage lenders for home purchase and buy-to-let, UK Finance members also lend to support the social housing/ Residential Social Landlord sectors across the UK.
5. As Director, Mortgages at UK Finance, my main duties, and responsibilities include:
  - Leading policy development and delivery for the UK's mortgage market, taking in to account the views of members and those of their customers
  - Providing a source of expertise in mortgage and housing issues
  - Representing the interests of the Mortgage stream members and UK Finance in mortgage related matters to external stakeholders, including relevant governments departments (both in Westminster and the devolved nations) and regulators
  - Playing a leading role in shaping the mortgage industry and helping members to implement regulatory initiatives through a compliant and customer-focused approach and sharing best practice across the industry.

**Q.3 Please set out your membership, past or present, of any committees, associations, parties, societies or groups relevant to the Inquiry's Terms of Reference, including the dates of your membership and the nature of your involvement.**

6. None

**Q.4 Please confirm whether you have provided evidence to, or have been involved in any other inquiries, investigations or criminal or civil litigation in relation to human immunodeficiency virus ("HIV") and/or hepatitis B virus ("HBV") and/or hepatitis C virus ("HCV") infections and/or variant Creutzfeldt-Jakob disease ("vCJD") in blood and/or blood products. Please provide details of your involvement and copies of any statements or reports which you provided.**

7. No, I have not been involved/provided evidence to the inquiries detailed above.

**Section 2: Mortgages**

**Q.5 Are there mortgage lenders who offer mortgages to people whose income comes from periodic payments arising from compensation?**

8. I am unable to specify an exact number, although I am aware of a few lenders who do take periodic compensation payment into account when assessing the

affordability of a mortgage<sup>1</sup>. Lenders can, in general, take account of regular payments that have a reasonably predictable size and frequency given the need for the customer to be able to meet regular monthly payments to sustain their mortgage.

9. The types of 'lump-sum', periodic payments referred to, could be used to fund a deposit for a property purchase, or to make periodic 'lump-sum' repayments of a mortgage.
10. When any lender considers providing a mortgage, a range of factors are considered, based on their own individual risk appetites. This could include items such as: income (including amount, frequency, and source); credit rating/score of the borrower; property type; loan to value ratio; property location; length of loan etc.
11. When considering income, lenders are required to follow certain rules set out by the Financial Conduct Authority (FCA) in its Mortgage Conduct of Business Sourcebook (MCOB).

Section 11.6 of MCOB covers responsible lending and financing and this states:

**'MCOB 11.6.2 R 21/03/2016 RP**

1. (1)

Except as provided in

1. (a)

before entering into, or agreeing to vary, a regulated mortgage contract or home purchase plan, a firm must assess whether the customer (and any guarantor of the customer's obligations under the regulated mortgage contract or home purchase plan) will be able to pay the sums due; and

[**Note:** article 18(1) of the MCD]

2. (b)

the firm must not enter into the transaction in (a) unless it can demonstrate that the new or varied regulated mortgage contract or home purchase plan is affordable for the customer (and any guarantor).

**MCOB 11.6.5 R 21/03/2016 RP**

When assessing for the purposes of MCOB 11.6.2 R whether a customer will be able to pay the sums due, a firm:

1. (1) must not base its assessment of affordability on the equity in the property which is used as security under the regulated mortgage

---

<sup>1</sup> Whilst preparing this statement, one lender advised: *We implemented a formal policy on IBSS in July 21 where we accept Infected Blood Support Scheme (IBSS) income, this covers the schemes in England (EIBSS), Scotland (SIBSS), Wales (WIBSS) and Northern Ireland (NIIBSS). For income proof we require the latest award notice (not including pages relating to health/medical information) to verify the income.*

contract or is subject to the home purchase plan, or take account of an expected increase in property prices;

[Note: article 18(3) of the MCD]

(2) must take full account of:

(a) the income of the customer, net of income tax and national insurance; and, as a minimum

(b)

1. (i) the customer's committed expenditure; and
2. (ii) the basic essential expenditure and basic quality-of-living costs of the customer's household;

[Note: article 20(1) of the MCD]

(3) (if it is a mortgage lender) must assess affordability on the basis of both repayment of capital and payment of interest over the term'

#### **Q.6 What information do mortgage lenders require from people whose income comes from periodic payments arising from compensation and other financial support?**

12. The FCA's MCOB sourcebook, Section 11.6, sets out the evidence lenders are required to seek from borrowers in relation to their income:

##### **'Income**

##### **MCOB 11.6.8 R 26/04/2014 RP**

In taking account of the customer's income (in accordance with MCOB 11.6.5R (2)(a)) for the purposes of its assessment of whether the customer will be able to pay the sums due:

1. (1)  
a firm must obtain evidence of the income declared by the customer for the purposes of the customer's application for the regulated mortgage contract or home purchase plan (or variation). The evidence, whether document-based or derived through the use of automated systems, must be of a type and for a period which is adequate to support each element of income that the firm is taking into account, and subject to appropriate anti-fraud controls; and
- (2)  
a firm must not accept self-certification of income by the customer, and the source of the evidence in (1) must be independent of the customer.

##### **MCOB 11.6.9 G 26/04/2014 RP**

In relation to taking account of the customer's income for the purposes of its assessment of whether the customer will be able to pay the sums due:

1. (1) income may be derived from sources other than employment (such as pensions or investments), or from more than one job;

- (2) the evidence necessary to comply with MCOB 11.6.8 R will vary according to factors such as the employment status and the nature of the employment of the customer (for example, whether he is employed, self-employed, a contractor or retired), his length of employment and, in particular, any elements of income that are not contractually guaranteed. For example: income from overtime working may be evidenced by payslips over a period of time or by checking the level of income regularly paid into a bank account;
- (3) for a self-employed customer, a firm may wish to consider using projections of future income, where these form part of a credible business plan;
- (4) a firm may use information it already holds about a customer's income, for example where the customer holds a current account with the mortgage lender;
- (5) the source of evidence may be independent of the customer even where it is supplied by the customer; for example, in the form of payslips, bank statements or tax returns;
- (6) a firm may use information provided to it by a home finance intermediary or other third party, including electronic sources of information, but the firm will retain responsibility for compliance with this chapter; and
- (7) mortgage lenders and home purchase providers are reminded of their obligations under SYSC 8 in respect of outsourcing where they choose to use a third party to verify income information.'

13. It is also worth noting the quote from one lender, referenced in response to question 5) above: *(We implemented a formal policy on IBSS in July 21 where we accept Infected Blood Support Scheme (IBSS) income, this covers the schemes in England (EIBSS), Scotland (SIBSS), Wales (WIBSS) and Northern Ireland (NIIBBS). For income proof we require the latest award notice (not including pages relating to health/medical information) to verify the income.)*

**Q.7 Are those whose income comes from periodic payments arising from compensation and other financial support offered mortgages on the same terms as those whose income comes from employment? If not, what are the differences, and what are the reasons for those differences.**

14. I am unable to comment on the specific lending criteria each lender applies. The interest rate and terms & conditions applied on a mortgage could reflect a range of factors, based on a lender's individual business model and risk appetite. The factors could include items such as: borrowers' income (including amount, frequency, and source); credit rating/score of the borrower; property type; loan to value ratio; property location; mortgage term

etc. Every borrower, regardless of source of income, would have their affordability and suitability assessed based on their individual/specific circumstances to ensure that they can maintain the mortgage payment over the life of the loan. It would not be in the borrower's best interest to have a loan that they could not afford.

**Q.7(a) Please clarify, whether or not you have come across a lender increasing either:**

- **The level of fees payable by the borrower;**
- **Or the interest rate charged to the borrower, by the lender, based on the fact that the borrower has an infectious disease such as HIV or hepatitis?**

15. The level of fees payable by a borrower are generally detailed in a 'Tariff of Fees' published by each lender. I am not aware that these would be increased based on whether a borrower has an infectious disease such as HIV or hepatitis.
16. The interest rate a lender charges on a mortgage will take in to account a number of different factors including Loan to Value amount, borrower's credit rating/score, the income multiple of the amount borrowed, type of property, status of the borrower (e.g., FTB, home-mover, follow-on mortgage etc), type of mortgage (e.g., BTL, residential, interest only etc.). I am not aware of lenders taking into account whether a borrower has an infectious disease such as HIV or hepatitis when setting the interest rate.

**Q.8 Has UK Finance, or its predecessor the Council of Mortgage Lenders, provided policy and/or guidance to members about engagement with customers whose income comes from periodic payments arising from compensation and other financial support, whether in general or arising from specific circumstances like treatment with infected blood?**

17. I joined UK Finance in August 2020 and am unable to comment, with detailed knowledge on guidance/policies issued to members prior to that date. However, one of my Mortgage Policy colleagues who worked for the Council of Mortgage Lenders (CML) undertook a review of their own email archive and the electronic policy folders. From this review, they could find no policy/guidance having been issued to members about engagement with customers whose income comes from periodic payments arising from compensation or other financial support.
18. Likewise, we have no record of the CML (or UK Finance) being contacted by the Scottish Government about access to mortgages for beneficiaries of the Scottish Infected Blood Support Scheme.

19. I note there were changes to the Scottish scheme payments last year, but do not recall UK Finance being contacted to help raise lender awareness of these or of their long-term nature, to support with mortgage affordability assessments.

20. Through our network of national committees and stakeholder groups, we could raise lender awareness on this issue if that would be beneficial.

**Q.9 Please set out any engagement from the four governments with UK Finance about access to mortgages for people affected by the use of infected blood and blood products.**

21. I joined UK Finance in August 2020 and am unable to comment, with detailed knowledge, on any engagement either the CML or UK Finance held with the governments of England, Wales, Northern Ireland, or Scotland in relation to access to mortgages for people affected by the use of infected blood or blood products, prior to my joining.

22. However, a colleague in the Mortgage Policy team at UK Finance, also worked for the CML. This individual is responsible for our relationships with the devolved nations and does not recall ever engaging with them on this topic.

23. As the witness statement mentions, raising lender awareness is something we could assist with if that would help. We have a network of national committees and stakeholder groups that would be well suited to disseminating information such as this.

**Statement of Truth**

I believe that the facts stated in this witness statement are true.

Signed 

Dated 29 November 2022