

Driver UK Multi-Compartment S.A. – Compartment Driver UK nine

Related Report

[Driver UK Multi-Compartment S.A. - Compartment Driver UK nine](#)

The representations, warranties, and enforcement (RW&E) mechanisms contained in the transaction's offering documents available to investors for Driver UK Multi-Compartment S.A. – Compartment Driver UK nine are substantially comparable to those typically contained in EMEA ABS, as described in Fitch Ratings' research [Representations, Warranties and Enforcement Mechanisms in Global Structured Finance](#), dated 31 May 2016. For this transaction, representation and warranties are provided by Volkswagen Financial Services (UK) Ltd (VWFS UK).

The transaction's offering documents do not include the following RW&Es that Fitch considers typical for European ABS transactions:

1. No Untrue Information

However, the Prospectus mentions the responsibility of Volkswagen Financial Services (UK) Limited (VWFS) for the information related to the purchased receivables published in the Base Prospectus:

The Issuer has taken all reasonable care to ensure that the information given in this Prospectus is to the best of its knowledge in accordance with the facts and does not omit anything likely to affect its import. The Issuer has taken all reasonable care to ensure that the information in this Prospectus is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. VWFS as the Seller and Servicer accepts responsibility for any information in this Prospectus relating to the Purchased Receivables, the Security, the disclosure of servicing related risk factors, risk factors relating to the Purchased Receivables, the information contained in "DESCRIPTION OF THE PORTFOLIO", "THE PURCHASED RECEIVABLES POOL", "BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED", "THE SELLER AND SERVICER", "ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT" and the paragraphs headed "EU Securitisation Regulation, UK Securitisation Regulation and U.S. Risk Retention Rules"

In addition, the Receivables Purchase Agreement states that all information furnished by or on behalf of the Seller in writing to any Lender and any Noteholder for purposes of or in connection with the Transaction Documents or any transaction contemplated under the Transaction Documents is true and accurate in all material respects on and as at the date such information was furnished (except to the extent that such furnished information relates solely to an earlier date, in which case such information is true and accurate in all material respects on and as at such earlier date).

The RW&Es available to investors, disclosed in the transaction's offering documents for Driver UK Multi-Compartment S.A. – Compartment Driver UK nine, and which relate to the underlying asset pool, are included below.

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Receivables Representations and Warranties of the Seller

Under the Receivables Purchase Agreement, the Seller represents and warrants to the Issuer and to the Security Trustee, in respect of the Receivables sold by it (i) on the Closing Date but as if made at the Initial Cut-Off Date in relation to the Initial Receivables, and (ii) as at each Additional Cut-Off Date in relation to the Additional Receivables, acquired on such Additional Purchase Date, that each Purchased Receivable meets each of the following conditions (for the avoidance of doubt, when applying the conditions below the Receivables have been selected randomly and not with the intention to prejudice the Lenders and the Noteholders):

Eligibility Criteria

- a. that the purchase of the Receivables may not have the result that the Aggregate Discounted Receivables Balance of all Purchased Receivables exceeds the following concentration limits with respect to the percentage of Discounted Receivables Balance generated under Financing Contracts for (i) used vehicles (concentration limit: 60%) (ii) PCP used contracts (concentration limit: 55%) and (iii) under Financing Contracts for non-VW group brand vehicles (concentration limit: 10%);
- b. that none of the Obligors is an Affiliate of the Seller;
- c. that the related Financing Contracts have been entered into exclusively with Obligors which, if they are corporate entities have their registered office in England, Scotland, Northern Ireland or Wales or, if they are individuals have their place of residence in England, Scotland, Northern Ireland or Wales;
- d. that (according to the Seller's records) no pending bankruptcy or insolvency proceedings are initiated against any of the Obligors;
- e. that such Purchased Receivable is denominated and payable in Sterling;
- f. that no Purchased Receivable is overdue;
- g. that the related Financing Contracts shall be governed by the laws of England and Wales, Northern Ireland or Scotland (depending on where the Obligor is resident or incorporated);
- h. that the relevant Financing Contracts constitute legal valid, binding and enforceable agreements with full recourse to the Obligor;
- i. that the status and enforceability of the Purchased Receivables is not impaired due to warranty claims or any other rights of the Obligor (even if the Issuer knew or could have known on the Cut-Off Date of the existence of such defences or rights);
- j. that the status and enforceability of the Purchased Receivables is not impaired by set-off rights and that no Obligor maintains deposits on accounts with VWFS;
- k. that those related Financing Contracts which are regulated by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 comply in all material respects with the requirements of the Consumer Credit Act 1974, as amended, (the "CCA"), associated secondary legislation on consumer financing and the rules in the Consumer Credit Sourcebook within the FCA Handbook and, in particular contain legally accurate instructions in respect of the right of revocation of the Obligors and that none of the Obligors has used its right of revocation within the term of revocation;
- l. that such Purchased Receivable arises under a Financing Contract that (a) contains an obligation to pay a specified sum of money and is subject to no contingencies (other than an obligation to pay interest on overdue amounts), (b) does not require the Obligor under such Financing Contract to consent to the transfer, sale or assignment of the rights and duties of the Seller under such Financing Contract or to the sale to a third party of the Vehicle the subject thereof, and (c) does not contain a confidentiality provision that purports to restrict the Purchaser's or the Security Trustee's exercise of rights under the Receivables Purchase Agreement, including, without limitation, the right to review such Financing Contract;

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- m. that it can dispose of the Purchased Receivables free from rights of third parties and, to the best of the Seller's knowledge, the Purchased Receivables are not in a condition that can be foreseen to adversely affect the enforceability of the assignment;
 - n. the Seller is the legal and beneficial owner, free from any Security Interest, of the Purchased Receivables;
 - o. that such Purchased Receivable was generated in the ordinary course of the Seller's business from the sale of goods or provision of credit or other services to the relevant Obligor and the related Financing Contract was entered into in accordance with the Customary Operating Practices;
 - p. that other than the right to make partial early repayments as provided for in the CCA, there are no provisions in the Financing Contract related to such Purchased Receivable whereby the Obligor may reduce the amount of such Purchased Receivable payable by the Obligor below the level of the stated payments as at the date of commencement of such Financing Contract (excluding any change as a result of any change in the rate of Value Added Tax or the corporation tax or capital allowances regimes). However, at the discretion of the Servicer and in accordance with its Customary Operating Practices, the Obligor may be given an option to reschedule repayments in a manner that increases or decreases the term of such Financing Contract and the consequential finance income; provided, that the total capital repayment shall not be impacted by any such measure;
 - q. that the Seller had at the time of origination of the Financing Contract under which such Purchased Receivable arises the necessary licences pursuant to the CCA, the necessary interim permissions pursuant to the Financial Services and Markets Act 2000 and as at the date of the Receivables Purchase Agreement has the necessary permissions pursuant to the Financial Services and Markets Act 2000, and each Financing Contract that is regulated by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 complies with the CCA, any statutory instrument or regulation made thereunder and the rules in the Consumer Credit Sourcebook within the FCA Handbook, and the Seller has not done anything that would cause such Purchased Receivable to be unenforceable under the CCA;
 - r. that on the relevant Cut-Off Date at least one instalment has been paid in respect of each of the Purchased Receivables and that the Purchased Receivables require substantially equal monthly payments to be made within seventy-two (72) months of the date of origination of the Financing Contract and may also provide for a final balloon payment;
 - s. that the Seller has complied with all material laws and regulations under the Data Protection Rules with respect to such Purchased Receivable;
 - t. that the terms of the Financing Contract related to such Purchased Receivable require the Obligor to pay all insurance, repair/maintenance and taxes with respect to the related Vehicle;
 - u. that the Vehicle related to such Purchased Receivable is not recorded in the records of the Servicer as at such Purchase Date as having been (a) a total loss for insurance purposes or (b) stolen;
 - v. that the purchase of Receivables may not have the result that the total outstanding amount (for the avoidance of doubt, this refers to the Aggregate Discounted Receivables Balance) of Purchased Receivables resulting from Financing Contracts with one and the same Obligor exceeds 0.5% of the Aggregate Discounted Receivables Balance;
 - w. that each of the Purchased Receivables will mature no earlier than six (6) months and no later than seventy-one (71) months after the Cut-Off Date;
 - x. that applicable details of the Vehicle relating to such Purchased Receivable and the relevant motor finance contract have been submitted by VWFS for registration with HP Information Ltd; and
 - y. that the Obligor related to the Purchased Receivable is not:

- i. an Obligor who VWFS considers as unlikely to pay its obligations to VWFS and/or to an Obligor who is past due more than 90 days on any material credit obligation to VWFS; or
- ii. a credit-impaired Obligor or guarantor who, on the basis of information obtained (i) from the Obligor of the relevant Receivable, (ii) in the course of VWFS' servicing of the Receivables or VWFS' risk management procedures, or (iii) from a third party:
 - 1. has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer of the Purchased Receivables to the Issuer;
 - 2. was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to VWFS; or
 - 3. has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by VWFS which are not securitised.

For the avoidance of doubt VWFS does not warrant the solvency (credit standing) of the Obligors.

VWFS also represents and warrants that the Purchased Receivables are originated in the ordinary course of the business of VWFS pursuant to underwriting standards which are no less stringent than those which also apply to Financing Contracts which will not be securitised. In particular, VWFS represents and warrants that it has in place (i) effective systems to apply its standard criteria for granting the Purchased Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Receivables, in order to ensure that granting of the Purchased Receivables is based on a thorough assessment of each Obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Obligor meeting its obligations under the relevant agreement. Furthermore, VWFS represents and warrants that the assessment of each Obligor's creditworthiness shall meet the requirements of Article 8 of Directive 2008/48/EC (as it applies in the UK and EU), in particular, the assessment: (i) will be performed on the basis of sufficient information, where appropriate obtained from the Obligor and, where necessary, on the basis of a consultation of the relevant database, and (ii) will be repeated before any significant increase in the total amount is granted after the conclusion of the financial contract, in combination with an update of the Obligor's financial information.

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