

This letter is important. Please read it carefully.

This letter is about matters that affect your legal rights regarding certain loans made by Morses Club PLC or which Morses Club PLC is otherwise responsible for.

13 December 2022

Dear Customer

What is this letter about?

- Morses Club PLC (**Morses Club**) provides short-term loans to customers. We, Morses Club Scheme Limited (the **Company**), are in the same group as Morses Club. We are owned by Morses Club. We were set up to put in place the plan described in this letter.
- We think that you may be a customer that received a loan from Morses Club (or which Morses Club is otherwise responsible for, having acquired the loan) between 1 April 2014 and 2 August 2022.
- Morses Club may owe you compensation if you could not afford to repay that loan. If compensation is owed, you have the right to be paid back the interest that you paid on the relevant loan, and interest on that amount.
- We are sending you this letter because Morses Club cannot afford to pay all claims for compensation in full. Instead, Morses Club has developed a fair and efficient plan to consider claims for compensation and pay as much as possible.
- If our plan is approved, we estimate that customers will receive cash compensation in the range of 40% to 55% of the cash compensation they are owed. However, this is not guaranteed and may increase or decrease dependent upon a number of factors including the method for assessing claims and the number of valid claims made. If the plan does not go ahead, we expect customers to receive nothing or very little of the cash compensation they are owed for a valid claim.

What is a Scheme of Arrangement?

- We plan to use a Court approved process called a scheme of arrangement (a **Scheme**) to deal with all customer claims for compensation for unaffordable lending. The Scheme will also be used to pay for some fees that Morses Club owes to the Financial Ombudsman Service (**FOS**). The customers and the FOS are together called the **Scheme Creditors**.
- Each Scheme Creditor has the right to vote on the Scheme. If enough Scheme Creditors vote in favour of the Scheme, the Court will consider whether or not it should also approve the Scheme.

What will happen if the Scheme goes ahead?

- If the Scheme goes ahead, a compensation fund of at least £20 million will be shared between all Scheme Creditors with valid claims. However, to share in that compensation fund, you will need to make a valid claim within 6 months of the Scheme becoming effective. We will let you know the deadline once it is fixed.
- **If you do not make a claim by the deadline, you will lose any right to compensation for a claim that you could have made. You will also lose the right to reduce any amount that you may still owe under an unpaid loan by the amount of compensation owed to you.**
- If you make a claim by the deadline, we will check it to make sure it is valid. The method for checking claims will be described in the Scheme. If you have a valid claim, we will reduce the amount that you owe for any unpaid loan that you have with us on the date that the Scheme becomes effective by up to the amount of your valid claim. You may also be entitled to a refund of loan repayments you made after 11 August 2022.
- Once all claims have been checked, we will divide the compensation fund between Scheme Creditors proportionally based on the amount of their valid claim (after any debt-reduction and refund payments). Payments will be made as soon as possible after all claims have been checked and calculated. We expect this to be before the end of September 2024.
- Further details about the Scheme are set out in section 7 of the full version of this letter under the heading "*What will happen under this Scheme?*". You can get a copy of it free of charge from www.morsesclubscheme.com/documents or by contacting us using the details at the end of this letter.

What happens if the Scheme is not approved or does not otherwise proceed?

- If the Scheme is not approved by enough Scheme Creditors and the Court or if the Scheme does not receive enough funding, it will not go ahead. If the Scheme does not go ahead, Morses Club will be insolvent and close its business. If that happens, it is estimated that Scheme Creditors will receive nothing or very little of the cash they are owed for a valid claim. However, if Morses Club does have to close its business, customers with unpaid loans will still benefit from a debt-reduction and may receive some refunds for repayments made after 11 August 2022. Considering the two potential outcomes (the Scheme going ahead or Morses Club closing its business), we believe that Scheme Creditors should approve the Scheme.

The Customers' Committee

- A committee of customers (the **Committee**) was set up to represent the interests and views of customers in respect of the Scheme. The Committee considered the options presented to them in detail and provided feedback which the Company has taken on board where possible. The Scheme proposed is the Committee's preferred choice. However, you do not have to agree with the Committee, and you have the right to have your own say on the Scheme by voting on it. More detail about the Committee is at section 11 of the full version of this letter under the heading "*The Customer Committee*".

The Customer Advocate

- An independent person, Jon Yorke, has been appointed to advocate for customers in respect of the Scheme (the **Customer Advocate**). Mr Yorke can answer any general questions that you may have about the Scheme and also take your feedback on the Scheme and discuss it with us. There will be no charge to customers for this. If you have any questions or comments about the Scheme, you can contact Mr Yorke using the details at the end of this letter. You can also take your own legal advice, but Morses Club will not pay for it.

A statement from our regulator, the Financial Conduct Authority (FCA)

The FCA has asked the Company to include the following statement from it in this letter:

"Morses Club Plc has issued this PSL without the support of the FCA. The FCA has not yet been given opportunity to complete its assessment of the Scheme, in particular its underlying methodology for assessing claims.

The FCA has only recently received all the information from Morses Club plc to the standard required. The FCA needs to assess the information before being in a position to know whether it intends to formally object to the Scheme.

The underlying methodology for determining claims is a critical component of the Scheme. As the FCA has not completed its review of the methodology, the FCA is concerned that the expected outcomes may not be credible, and that the proposed scheme may not be the best deal that Morses Club plc can offer to redress customers.

The FCA has informed Morses Club plc that it reserves the right to take such action as it may consider appropriate once the terms of the Scheme and its methodology have been finalised and the FCA has completed its review.

Morses Club Plc has provided an undertaking that it will reissue the PSL if the FCA advises it is necessary to do so at any time prior to the convening hearing. The FCA reserves its right to object to the Scheme at any stage."

What should you do now?

- Please:
 - read the full version of this letter as it provides more detail about the Scheme and your rights to object to it (in particular see paragraph 15). This is available free of charge at www.morsesclubscheme.com/documents or by contacting us using the details at the end of this letter;
 - register your interest in the Scheme by creating an account on the Company's secure online portal at www.morsesclubscheme.com. You will need your unique Scheme Reference Number (**SRN**) to do this. Your SRN is at the top of this letter or can be obtained by calling us on the number below. By registering your interest in the portal, you will be able to confirm your contact details. If you do not have access to the internet, you can still register your interest in the Scheme by contacting us using the details at the end of this letter;
 - follow the updates about the Scheme that will be posted at www.morsesclubscheme.com. If you do not have internet access, you can call us on the number below for updates; and

- continue to make payments as normal on any unpaid loans that you have.
- If you make a claim now, or if you made a claim on or after 11 August 2022, it will be automatically entered into the Scheme if it goes ahead. If you made a claim before 11 August 2022 your claim will not be part of the Scheme and will be dealt with by Morses Club as usual.
- You can make other complaints unrelated to the Scheme at any time and these will be considered by Morses Club in the ordinary course of business. If these are valid claims they will be paid in full. The rules for treatment of complaints are set by our regulator, the Financial Conduct Authority. A copy of these rules is available at <https://www.handbook.fca.org.uk/handbook/DISP>.

How do I get further help about the Scheme?

- In the first instance please take a look at the Frequently Asked Questions (**FAQs**) that are available at www.morsesclubscheme.com. Otherwise, you can contact the Company or the Customer Advocate using the details below.

Contact details

Telephone Number	0333 011 0688 (local rates apply)
Email:	contact@morsesclub.com
Address:	Scheme of Arrangement Team, Morses Club Scheme Limited, Building 1, The Phoenix Centre, 1 Colliers Way, Nottingham NG8 6AT
Website	www.morsesclubscheme.com
Customer Advocate	Jon Yorke Email: jy@morsesclubca.co.uk Office Address: 137-139 High Street Beckenham BR3 1AG

Be aware

- **Customers will not be approached by us or anyone acting for us to assist you in making a claim in the Scheme. Do not give details of your claim or any personal information or bank account details to anyone who approaches you claiming that they work for us or on our behalf.**
- **If you are concerned about the authenticity of any correspondence or you suspect that you have received unauthorised or fraudulent correspondence which claims to be from us, please do not hesitate to contact us using the details immediately above.**

Regards

Gary Marshall
Director of Morses Club Scheme Limited