

ifs Level 2 Certificate in Personal Finance (QCF) –
500 / 9897 / 4 and the **ifs** Certificate in Personal
Finance (SCQF Level 5)

Unit 3: Personal Finance Management (PFM)
Y / 506 / 4841

Specimen paper: A
Length of examination: 30 minutes

Instructions to learners

1. Open this question paper when instructed to do so.
2. Answer **all** questions.
3. Use the examination answer sheets provided for your answers. Please do **not** note your answers in this booklet, as they will **not** be recorded.
4. Read the instructions on both sides of the answer sheet carefully.
5. Before you leave the examination room you **must** hand in all the examination materials including the answer sheet and question paper.

Information for learners

1. Silent non-programmable (including scientific) calculators are allowed. Programmable calculators are not allowed.

Section A

1. Tom's games console cost £400 when it was new. It is now one year old and has depreciated in value by £100.

The depreciation rate is:

- A 10%.
 - B 15%.
 - C 20%.
 - D 25%.
2. A financial plan could also be described as a:
- A budget.
 - B guarantee.
 - C record.
 - D statement.
3. Which of the following are financial intermediaries?
- A Banks only.
 - B Building societies only.
 - C Credit unions only.
 - D Banks, building societies and credit unions.
4. Which of the following is one of the financial services regulators in the UK?
- A Bank of England.
 - B British Bankers' Association.
 - C Financial Conduct Authority.
 - D Financial Services and Markets Authority.

5. Payment protection insurance usually covers:
- A accident, sickness and unemployment.
 - B changing jobs and maternity leave.
 - C illness and death.
 - D retirement, holidays and redundancy.
6. 'Caveat emptor' is an important principle in personal financial protection.
- It means:
- A let the buyer beware.
 - B prices can go up and down.
 - C share investments are risky.
 - D the higher the reward, the greater the risk.
7. Which of the following may offer a potential **short-term** solution to overspending?
- A Debit card.
 - B Mortgage.
 - C Overdraft.
 - D Personal loan.
8. Which of the following is **most likely** to show that someone is regularly overspending?
- A Their credit card balance increases every month.
 - B Their overdraft has increased for one month.
 - C They are paying some interest on borrowings.
 - D They have had to borrow some money.

9. Compared to bankruptcy, a Debt Relief Order:
- A is only for people who owe more than £50,000.
 - B is simpler to arrange.
 - C lasts longer.
 - D will not affect the person's credit history.
10. Max has missed his last three loan repayments. What might be the long-term consequences of this?
- A He can apply for a much larger loan to clear the whole debt.
 - B He may not be able to get credit in the future.
 - C The bank will insist that he makes four months' payments next month.
 - D The bank will let him off the payments.

Section B begins on page 6

Section B

Case Study 1



Answer the following **five** questions:

11. Megan is having problems with her bank. She has received a statement and the bank has charged her a fee that she should not have to pay. Whom should she complain to **first**?
- A British Bankers' Association.
 - B Financial Conduct Authority.
 - C Financial Ombudsman Service.
 - D Her bank.
12. If Megan remains unsatisfied, who should she take her complaint to **next**?
- A Bank of England.
 - B Financial Conduct Authority.
 - C Financial Ombudsman Service.
 - D Financial Services Compensation Scheme.
13. What should Megan receive, provided that she is correct about being charged by mistake?
- A A fine.
 - B A reward.
 - C Her money back.
 - D Interest.

14. Which of the following has established a system for calculating interest rates and has regulations about how interest rates are quoted?
- A Annual percentage rate
 - B Consumer Credit Act.
 - C Data Protection Act.
 - D Equivalent annual rate
15. Someone who has debt problems, and would like to discuss repayment options with an expert, should seek help from which of the following?
- A Citizens Advice.
 - B The Borrowing Advisory Bureau.
 - C The Post Office.
 - D The Samaritans.

Case Study 2 begins on page 8

Case Study 2



Answer the following **five** questions:

16. Financial services providers must be regulated by which of the following?
- A The Bank of England.
 - B The Financial Conduct Authority.
 - C The Financial Ombudsman Service.
 - D The Financial Services Compensation Committee.
17. The Financial Services Compensation Scheme does **not** cover:
- A credit cards.
 - B deposits.
 - C insurance policies.
 - D investment products.
18. What is the **maximum** amount of compensation that one person can get from the Financial Services Compensation Scheme for their money lost by one bank or banking group?
- A £50,000.
 - B £85,000.
 - C £150,000.
 - D £250,000.

19. Tom buys a house. He uses all of his savings as a deposit and borrows the rest. Unfortunately, Tom becomes too ill to work and cannot keep up with his mortgage repayments. He is made bankrupt.

Which of the following is **most likely** to happen to Tom's house?

- A It will be kept until Tom is feeling better.
 - B It will be repossessed.
 - C The mortgage company will use it for its staff.
 - D Tom will be allowed to keep it, as he is unwell.
20. What type of cover would have helped Tom when he became too ill to work?
- A Illness insurance.
 - B Mortgage repayment assurance.
 - C Payment protection insurance.
 - D Security cover.
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