



**Product Range Name: Near Prime Mortgage Range**

**Information sheet produced: 30 April 2023**

## **Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product**

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). -

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is intended for intermediary use only and should not be provided to customers.

### **1. Summary of our assessment**

We have assessed that:

- Our Near Prime Mortgage product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

### **2. Product characteristics & benefits**

The products are designed to meet the needs of the target group, who are those needing to secure finance on an Owner Occupied property. The product features and criteria are designed to support these needs.

- Purchase and Remortgage Transactions
- A mortgage Term of up to 40 years
- Fixed Rate products
- Joint Borrower Sole Proprietor option available (subject to eligibility)
- Fee Assist options for remortgages
- Availability on New Build and existing properties

Full eligibility criteria can be accessed on our intermediary website via this [link](#).

### **3. Target market assessment and distribution strategy**

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
First / Next Time buyers who are either employed or self-employed, seeking to purchase an Owner Occupied property	Available through Direct and Intermediaries. Applications from Intermediaries must be on an advised sales basis	<ul style="list-style-type: none"> <li>• A maximum loan of £500k</li> <li>• Fixed costs for a defined period.</li> <li>• To repay the mortgage by the end of the mortgage term</li> <li>• Overpay by up to 20% per annum</li> <li>• Require family support on a Joint Borrower Sole Proprietor basis</li> <li>• Purchase a new build property</li> <li>• Require a LTI =&lt;4.45x</li> <li>• Up to 4 applicants</li> </ul>
Existing Property owners who are either employed or self-employed, seeking to refinance an owner occupied property	Available through Direct and Intermediaries. Applications from Intermediaries must be on an advised sales basis	<ul style="list-style-type: none"> <li>• A minimum loan of £500k</li> <li>• Fixed costs for a defined period.</li> <li>• To repay the mortgage by the end of the mortgage term</li> <li>• Overpay by up to 20% per annum</li> <li>• Require family support on a Joint Borrower Sole Proprietor basis</li> <li>• Require a LTI =&lt;4.45x</li> <li>• Up to 4 applicants</li> </ul>
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> <li>• Networks and their Appointed Representatives.</li> <li>• Mortgage clubs.</li> <li>• Directly authorised mortgage intermediaries.</li> </ul> <p>All intermediaries must be registered with us.</p>		

The Product is not designed for customers who:

- Are purchasing a property to let
- Are not credit impaired
- Require an Interest Only mortgage
- Require a mortgage <£500k
- Require an LTI > 4.45x
- Do not meet our lending or property criteria

#### 4. Customers with characteristics of vulnerability

The Product is designed for our Near Prime market segment, which is likely to include some customers with additional characteristics of vulnerability, such as First Time Buyers who may experience vulnerability over time.

Near Prime refers to customers who have a credit history which would make them ineligible for a mortgage from a mainstream lender, typically owing to recent or historic adverse credit, or a lack of available credit. This presents a greater risk of customers failing to maintain to mortgage repayments.

In addition First Time Buyers are less likely to have a comprehensive understanding of mortgages or the mortgage market. Therefore, they may require additional advice and support to ensure they

understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers.
- Suitable customer service provision and communications.
- Flexible policies, where appropriate, to support vulnerable members
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

## 5. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to our 1LOD risk teams, 2LOD Compliance, Legal and Enterprise risk teams, the SMF18 accountable for the product and the Banking Product & Digital Risk Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
The range of features that the Product provides, the quality of the Product, the level of customer service that is provided and any other features that the Product may offer.	The interest rates, fees and charges customers pay for the Product, comparable market rates, advice fees paid to intermediaries and non-financial costs associated with operating the Product.	The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.	Any limitations on the scope and service we provide or the features of the Product.

### Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.