

Intermediary Letter

The purpose of this letter is to set out the roles and responsibilities of Bluestone Mortgages Limited (**Bluestone**) and its intermediary partners in relation to the FCA's Consumer Duty.

This letter should be read in addition to any agreement that you have in place in Bluestone and is supplementary to Bluestone's Terms of Business which can be viewed [here](#). Our Terms of Business are being updated in line with the terms of this letter. It is your responsibility to ensure that all of your personnel who work with Bluestone are made aware of their role and responsibilities as set out in this letter.

Roles and Responsibilities

Bluestone's analysis has confirmed that it is a manufacturer of its mortgage products and its intermediaries are distributors of its mortgage products.

As **manufacturer**, Bluestone's responsibilities include:

- Developing and approving the mortgage products in line with the FCA's Consumer Duty rules and guidance;
- Identifying the target market for the mortgage products, including considering if any customers with vulnerable characteristics are in the target market and taking account of any additional needs of these customers;
- Testing the mortgage products to ensure that they are designed to meet the needs, characteristics and objectives of the target market;
- Developing a distribution strategy appropriate for the target market and regularly reviewing this to ensure it continues to deliver good customer outcomes;
- Providing sufficient information to the intermediary so it can:
 - understand the characteristics of the product or service;
 - understand the identified target market;
 - consider the needs, characteristics and objectives of any customers with characteristics of vulnerability;
 - identify the intended distribution strategy;
 - ensure the product or service will be distributed in accordance with the target market.

- Carrying out regular product reviews to ensure the product continues to provide good customer outcomes.

As **manufacturer**, Bluestone is responsible for ensuring all:

- information relevant to the fair value assessment is passed to the intermediary; and
- fair value obligations are met in respect of any product it distributes to a retail customer.

The **intermediary's** responsibilities include:

- Obtaining the information it needs to understand the mortgage products, their target market and intended distribution strategy;
- Providing information on request to support Bluestone's product reviews;
- Developing the distribution arrangements for the mortgage products, ensuring that they are consistent with the distribution strategy for the product and provide fair value to retail customers. The intermediary's distribution arrangements should ensure that sale of the mortgage products is targeted at those whose needs, characteristics and objectives are met by the product and extra care should be taken when the product is offered to individual customers on the edge of the target market;
- Taking account of any vulnerable characteristics of customers in the target market when developing its distribution arrangements, and giving particular consideration to any additional needs that these customers may have;
- Assessing whether the charges applied by the intermediary provide fair value and that payment of these does not result in the mortgage product ceasing to be fair value overall;
- Regularly reviewing its distribution arrangements to ensure they continue to deliver good customer outcomes and when different channels are used to distribute the mortgage products, ensuring that customers are able to easily access and assess key information through all channels.

Notification requirements

If **either party** identifies actual or potential customer harm:

- caused by either party, they should inform the other party where relevant and take any reasonable action needed to mitigate the harm; and/or

- elsewhere in the distribution chain, they must notify all relevant parties and, where appropriate, the FCA.

Both parties shall notify the other party as soon as possible if:

- they identify or become aware that good customer outcomes are not being delivered, including where any group of customers is receiving worse outcomes than other customers for the same product; or
- they become aware that their shared obligations under the Consumer Duty are not being met.

Management information

To enable parties to comply with their roles and responsibilities as set out above, both will have an obligation to provide the other with the agreed Management Information (**MI**) in such format and/or at such frequency as agreed in writing between parties.

Each party shall provide to the other such other information in such format and/or at such frequency as may be reasonably requested and agreed in writing between the parties from time to time.

All information sharing requirements agreed between parties will be in accordance with any final industry guidance issued jointly by the Association of Mortgage Intermediaries, the Building Societies Association, the Intermediary Mortgage Lenders Association and UK Finance, on information sharing between mortgage intermediary firms and lenders.