

Product name: Residential
Information sheet produced: 31/03/2023

The Society's (we/our) approach to meeting the 'Products & Services Outcome' and 'Price & Value Outcome' of the Consumer Duty – 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.3.12R (2). –

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16R and PRIN 2A.4.16R. 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 Residential 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 market, most notably the need to secure finance to purchase a residential property (including those looking to purchase their first residential property). Product characteristics and benefits are as follows.

- Fixed and discounted products available
- Selected further advance products do not charge arrangement fees
- Borrowers can make overpayments of up to 10% of advance amount per year
- Selected products are for term, therefore, customers will not revert to a higher Standard Variable Rate
- Both capital and interest and interest only repayment methods available, with a number of repayment vehicles accepted
- High LTV lending
- Maximum 40 years mortgage term
- Products are portable
- No maximum age requirement
- No minimum income requirement

Full eligibility criteria can be accessed on our intermediary website via [dudleybuildingsociety.co.uk/intermediaries/intermediaries/our-criteria](https://www.dudleybuildingsociety.co.uk/intermediaries/intermediaries/our-criteria)

All products can be accessed on our intermediary website via <https://www.dudleybuildingsociety.co.uk/intermediaries/intermediaries/products/>

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
Homebuyers looking to purchase a residential property, including those looking to purchase their first residential property	Intermediary only	<ul style="list-style-type: none"> • Access to high LTV lending • Flexible criteria • Become a homeowner for the first time • Freedom and independence
Homeowners looking to remortgage their existing residential property	Intermediary only	<ul style="list-style-type: none"> • Access to lower rates • Switch to different mortgage type e.g. from discounted to fixed • Access to additional features e.g. overpayments • Circumstances may have changed
Existing customers looking to take on additional borrowing with the Society	Intermediary only	<ul style="list-style-type: none"> • Fund home improvements • Increase property value
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> • Networks and their Appointed Representatives. • Mortgage clubs. • Directly authorised mortgage intermediaries and packagers. <p>All intermediaries must be registered with us.</p>		

The Product is not designed for customers who:

- Do not plan to live in the property
- Are building their own property
- Will only have part equity
- Intend to purchase / remortgage a property under the Right to Buy or Shared Ownership scheme
- Are purchasing a property under the HOLD scheme

Customers with characteristics of vulnerability

The Product is designed for the Residential market segment, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Of the more prevalent customer profiles, there is a significant portion of customers who are older and may be at risk of vulnerabilities associated with life events and health. There is also a group of younger customers, who have families and busy lives, and are more likely to be at risk of vulnerabilities associated with resilience and capability. A breakdown of the two groups and associated vulnerabilities is below:

- Older customer profiles - more likely to experience bereavement, hearing or visual impairment; retirement; and poor or non-existent digital skills. Where the borrower is retired,

or the lending term goes beyond normal retirement age, the affordability checks conducted at the underwriting stage before the loan is offered include checks that the loan will remain affordable at that time

- Younger customer profiles - more likely to have over-indebtedness, low savings, income shock, or relationship breakdown

For self-employed and contractor borrowers, specific vulnerabilities relate to erratic income, low savings and no or low access to help or support. For these cases, the Society assesses the history of customer accounts to confirm the loan is likely to be affordable.

For residential joint borrower sole proprietor and guarantor borrowers, specific vulnerabilities relate to the possibility of a relationship breakdown between the two parties or bereavement (parent supporting mortgage passes away).

For large loans a higher proportion of borrower equity is required to reflect that the market for such properties may be thinner and to protect the Society and the borrower against the risk of negative equity.

This will be more prevalent with the current cost-of-living crisis as it could adversely impact their financial security and personal finances. To support this, the Society's collections and recoveries employees are trained to identify potential signs of vulnerability. It is also fundamental that affordability is carefully considered. The Society is happy this is the case, with most payment difficulties occurring due to changes in circumstances.

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 in place a framework to achieve good outcomes for vulnerable customers This includes the following:

- A Vulnerable Persons and Financial Abuse Policy which outlines the definitions of vulnerability, identifying vulnerability and dealing with vulnerable customers.
- The Society ensures its employees are educated and trained to identify and respond to the needs of vulnerable customers.
- The Society aims to tailor its communication methods based on the customer's individual preferences.
- Accounts are monitored to ensure the Society continues to respond to the needs of customers with characteristics of vulnerability.

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

Please contact our Intermediary Support Team on 01384 489195, or email us at intermediaries@dudleybuildingsociety.co.uk, if you need any further information about how we support the needs of all our customers in relation to the Product.

4. 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 second line of defence, allowing for challenge and further investigation before we finalise the outcomes and share the summary of our assessment with you. Findings are presented to the relevant committees and Board.

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; 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.