

**Information for distributors of the Product**

**Consumer Duty: Our approach to meeting both the Product & Services and Price and Value outcomes.**

**Product name: Fixed Term Mortgage Products**

**Information sheet produced 28/04/2023**

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 Fixed Term Mortgage 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, most notably the need to secure a mortgage from age 50 to 90+. The product features and criteria are designed to support these needs.

- A mortgage term end date for customers who want to choose the term of their mortgage, for example if they have plans to downsize in the future.
- Choice of two repayment options: Interest Only (IO) and Capital & Interest (C&I).
- For IO, if the repayment strategy is downsizing then regional minimum equity requirements apply (see Product Guide [here](#)).
- A range of fixed term product options including 2, 5 and 10 year fix (with Early Repayment Charges (ERCs) for the period of the product term).
- Customers can make overpayments of up to 10% of the annual loan balance (as calculated on each anniversary of completion).
- ERC will be waived:
  - If the borrower redeems the mortgage in the ERC period due to death of a partner or move into long term care.

- If the property is sold following death or move into long term care of the surviving partner.
- All borrowers qualify for a one-off payment break of up to 6-months to support them through a major life event (payments can then be capitalised or a lump sum payment made).
- We can accept various income streams including most pensions. Affordability is assessed throughout the term of the loan to ensure that the loan is affordable. For the C&I repayment option, for joint borrowers taking a term beyond age 80, we ensure the loan is affordable if either Borrower were to die.
- Flexible approach to non-standard property.
- Certain products allow for some historical credit adversity and debt to be consolidated.
- LiveMore 1 to 4 tiers allow pricing that reflects individual borrower circumstances (see our [Product Guide](#) for pricing information)
- We offer borrowers undertaking a remortgage the option of us assisting with the cost of legal fees if they choose to use our preferred suppliers. The fees assisted option covers standard legal work only and eligibility criteria applies. If the borrower opts to use the fees assisted option, the cost of any disbursements and any non-standard legal work will be payable by the borrower. For further information on eligibility and non-standard legal work, please speak with us directly.
- Fees assisted range includes no product fee and a free standard valuation. On the Fees Range a product fee is payable, which can be added to the loan, as well as valuations being payable by the customer.
- Monthly payments must be made by direct debit.
- The option for customers to port their mortgage, subject to our lending criteria, terms and conditions at the time of application.

**Full eligibility criteria and rate information 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.

<b>Customer Circumstances and Characteristics</b>	<ul style="list-style-type: none"> <li>● Borrowers aged 50 to 90+ and resident in the UK</li> <li>● Borrowers who are living in the security property and looking to refinance an existing mortgage or looking to capital raise. A capital raise could be for home improvements, gifting to family members and or improving lifestyle.</li> <li>● This product is also suitable for borrowers looking to purchase an owner occupied property.</li> <li>● Two payment options are available:               <ul style="list-style-type: none"> <li>○ For C&amp;I option - Borrowers who want to repay the mortgage debt by the end of the term</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>○ For IO option – Borrowers who want to make monthly interest payments and have a repayment strategy for the loan at the end of the term (see below).</li> </ul> <p>(For the IO payment option, repayment strategies can include downsizing (sale of the mortgaged property), investments (including stocks / shares), savings / bonds, pension lump sum and sale of other properties. Other plausible repayment strategies will be considered.)</p>
<b>Distribution Strategy</b>	<p>This product is intended for distribution via:</p> <ul style="list-style-type: none"> <li>● FCA authorised mortgage intermediaries*</li> <li>● Applications can be made on an advised basis only.</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>
<b>Customer Needs &amp; Objectives</b>	<ul style="list-style-type: none"> <li>● Access to a mortgage when they are considering downsizing in the future.</li> <li>● To fix their mortgage costs for a defined period.</li> <li>● To have multiple income streams considered for affordability (e.g. multiple pensions, semi-retired income, rental income, self-employed income).</li> <li>● To have non-standard properties recognised as suitable mortgageable security.</li> <li>● Allow the option for the consolidation of debt.</li> <li>● Want to make monthly payments and wish to repay the capital (either by making capital and interest payments during the term, or at the end of the term for the IO option).</li> </ul>

The Product is not designed for customers who:

- Are not living in the property
- Want to let the property
- Do not wish to make contractual mortgage payments
- Are severely credit impaired borrowers
- Do not meet our lending or property criteria
- Do not have the minimum level of equity in their home (see [Product Guide](#))
- Require a part and part mortgage

#### 4. Customers with characteristics of vulnerability

Our fixed term mortgage products are designed for borrowers aged 50 to 90+, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Borrowers aged 55+ are more likely to have a physical / mental health condition or illness lasting / expected to last 12 months or more, and borrowers aged 65+ are more likely to

have characteristics of potential vulnerability. Given this, borrowers may need extra support in understanding and deciding their options, such as support from family members; face to face appointments; or simply more time during appointments and more time for decision making.

LiveMore has a well-developed approach to dealing with vulnerable customers (due to our borrower demographic) and take all borrower’s circumstances into account when dealing with them.

We also have in place a framework to achieve good outcomes for vulnerable customers, which is aligned to the FCA Finalised Guidance on Vulnerable Customers and 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 customers.
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

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

Intermediaries are encouraged to contact us if they need any further information about how we support the needs of all our customers in relation to our products.

## 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 Board 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:

<b>Benefits</b>	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.
<b>Price</b>	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.
<b>Costs</b>	The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.
<b>Limitations</b>	Any limitations on the scope and service we provide or the features of the Product.

## **Results of our assessment**

Our assessment concluded that our Fixed Term Mortgage products deliver fair value for customers in the target market.