

Product name: 2ND CHARGE MORTGAGE

Information sheet produced: 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 2nd Charge Mortgage product range continues to meet the needs, characteristics, and objectives of customers in the identified target market, customers who often require funds for Debt Consolidation and Home Improvements and are unable to secure funding from mainstream lenders.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market and the total benefits are proportionate to total costs.

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, customers with adverse credit, customers with non-standard income sources or customers who wish to raise funds secured against properties requiring specialised Lending Criteria. The product features and criteria are designed to support these needs.

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

Product Characteristics	Benefits
Fixed and Discounted Rates	Helps Customers with Budgeting
Variable Rates	Low Early Repayment Charges
Term up to 25 years Maximum Term up to 85 th Birthday No Maximum Loan to Income (LTI) ratio Maximum Debt to Income (DTI) up to 50% Further Advance funds have reduced fees	Helps Customers with Affordability

Product Fees can be added to Loan up to Maximum LTV	Helps Customers with Up Front Costs
Maximum Loan to Value (LTV) 80% 100% Benefit Income Acceptable (excluding Job Seekers Allowance JSA)	Higher Loan Amounts Available to Customer who are Unemployed
Loan Amounts from £3000 to £250000 available	Helps Customer who require varying loan amounts

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
Customers wanting to Consolidate their existing Debts	<ul style="list-style-type: none"> FCA Authorised Intermediaries Only either Directly Authorised or Appointed Representatives of Networks or Principal Firms FCA Authorised Intermediaries using External Packaging companies FCA Authorised intermediaries using our In-House Packaging Service FCA Authorised intermediaries wanting to use Mortgage Clubs 	<p>Customer wanting a single payment – to improve their budgeting</p> <p>Customers wanting to rebuild their credit profile – to obtain lower borrowing rates in the future</p> <p>Customers wanting to retain 1st charge mortgage and borrow additional funds beyond the mortgage end date – to reduce payments by extending the term of the secured loan past the end of the 1st charge mortgage.</p>

Customers wanting to raise funds for Home Improvements	<ul style="list-style-type: none"> FCA Authorised Intermediaries Only either Directly Authorised or Appointed Representatives of Networks or Principal Firms FCA Authorised Intermediaries using External Packaging companies 	<p>Customers wanting to make improvements to their home</p> <ul style="list-style-type: none"> to update their property to improve energy efficiency to increase their home value <p>Customers wanting to retain 1st charge mortgage and borrow additional funds beyond the mortgage end date</p> <ul style="list-style-type: none"> to reduce their payments by extending the term of the secured loan past the end of the 1st charge mortgage.
Customers with Impaired Credit including CCJ's/ IVA/ DMP and Previous Bankruptcies (subject to conditions)	<ul style="list-style-type: none"> FCA Authorised intermediaries using our In-House Packaging Service FCA Authorised intermediaries wanting to use Mortgage Clubs 	<p>Customer wanting a single payment</p> <ul style="list-style-type: none"> to improve their budgeting <p>Customers wanting to rebuild their credit profile</p> <ul style="list-style-type: none"> to obtain lower borrowing rates in the future <p>Customers wanting access to products where limitations apply with mainstream lenders</p> <ul style="list-style-type: none"> to release from IVA and remove credit restrictions
Customers with non-standard properties		<p>Customers wanting access to products where limitations apply with mainstream lenders</p> <ul style="list-style-type: none"> to raise capital from their property
Customers with non-standard income		<p>Customers wanting access to products where limitations apply with mainstream lenders</p> <ul style="list-style-type: none"> to raise capital from their property
Customers wanting up to 4 Applicants		<p>Customers wanting access to products where limitations apply with mainstream lenders</p> <ul style="list-style-type: none"> to raise capital from their property

The Product is not designed for customers who:

- Do not have a 1st Charge Residential Mortgage
- Do not meet our Lending or Property Criteria
- Do not pass our Affordability Assessment
- Do not live at the Security Address
- Want an Interest Only Repayment
- Want a Bridging Loan Facility

4. Customers with characteristics of vulnerability

The Product is designed for customers who require Specialist Lending Criteria, and this is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

We have tested this Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers who display characteristics of Vulnerability, and these cohorts of customers will require additional information or support to fully understand the advice they have been given and the potential implications of their decision. We undertake a full assessment of the customer and establish what we can do differently to support additional needs, if required, however the information, advice and recommendation given by the Credit Intermediary is paramount to ensure the customer fully understands the product features and benefits is not buying inappropriate products or being exposed to mis-selling.

Norton Home Loans have a framework in place to ensure vulnerable customers receive good outcomes and this includes:

- Having a culture of fair treatment for Vulnerable Customers and having a dedicated Customer Support Manager who offers tailored support to customers who have been identified as Vulnerable or Financially Vulnerable. We also extend this support to customers who are identified as potentially Vulnerable throughout the life of the mortgage
- Staff are fully trained to have the right skills and capabilities to recognise, understand and respond to the needs of Vulnerable Customers. They continue to receive training to maintain these skills and improve their capabilities.
- We have monitoring and evaluation processes in place to ensure we continue to meet the needs of vulnerable customers and make improvements to our procedures where appropriate
- We have specific documentation and processes completed throughout our underwriting journey to ensure customers have been fully assessed for vulnerabilities and, if identified, their additional needs have been met.

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 the Directors 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 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.