

# Third Party Schemes

**Product name: Third Party Schemes including Right to Buy and Help to Buy Re-mortgages**

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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 Third Party Scheme product ranges, which include Right to Buy and Help to Buy Re-mortgages, continue 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. Right to Buy customers are purchasing their council home under the government run scheme. For the Help to Buy scheme, this is a customer who has already purchased their home using the governments Help to Buy scheme and is looking to re-mortgage. The product features and criteria are designed to support these needs.

- Right to Buy products are available up to 100% of the discounted purchase price
- Right to Buy products available in England for purchase
- Help to Buy products available in England, Wales and Scotland for re- mortgages
- Some minor adverse allowed
- Up to a maximum of 75% LTV in total
- 2, 3 and 5 year fixes to give the customer options available to give customers a choice and ability to fix their monthly payment
- Up to £1m maximum loan size
- Help to Buy available for £ for £ and capital raising to staircase the property

- Where available a refund valuation up to £630, on up to £500k Help to Buy re-mortgages. Above £500k the cost of the valuation is discounted by £630

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
The customer has been a public sector tenant for just under 5 years and is purchasing their council house with a 35% discount and a small deposit.	Available through Intermediaries only. Applications are only accepted on an advised basis.	<ul style="list-style-type: none"> <li>• Homeownership in an affordable way</li> <li>• For the discount to be considered as a deposit</li> <li>• To fix the monthly payments so they understand how much it will cost per month during the life of the initial product</li> </ul>
Customer has a Help to Buy equity loan and wants to re-mortgage in order to partially repay the Help to Buy Equity Loan	Available through Intermediaries only. Applications are only accepted on an advised basis.	<ul style="list-style-type: none"> <li>• To increase the amount of ownership in their property by repaying part of the loan</li> <li>• To be able to capital raise to raise funds</li> <li>• To fix the monthly payment so they understand how much it will cost per month</li> </ul>

Intermediary distribution allowable through:

- Directly authorised mortgage intermediaries
- Networks and their Appointed Representatives
- Mortgage Clubs
- Specialist distributors

The Product is not designed for customers who:

- Customers who are not eligible for the Right to Buy Scheme or do not already have a Help to Buy Equity Loan
- For Right to Buy those who are purchasing flats
- For Right to Buy those who are not buying in England

- Those who are looking to take out more funding for home improvements
- Those who are capital raising on Help to Buy without repaying their equity loan
- Those who are looking to re-mortgage a Right to Buy property within the pre-emption period
- Do not meet our lending criteria
- Property does not meet property criteria

#### 4. Customers with characteristics of vulnerability

The Product is designed for those who do have some historic adverse, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

For Right to Buy and Help to Buy customers there may be the potential for them to have a lower financial resilience as they may already be struggling to get on the housing ladder. Right to Buy customers will likely be FTBs meaning they may have less knowledge and understanding of the mortgage market. As Help to Buy is for re-mortgage purposes, then the customers will have likely had some experience in the market before which may provide them with some level of experience with financial products of this type

All applications must be on an advised basis from a registered intermediary/mortgage advisor. This provides a degree of assurance the customer understands the product especially for those who have little financial services knowledge.

We consider the needs, characteristics and objectives of the customer who may be vulnerable within the design process along with understanding that any customer can become vulnerable at any point during the customer journey.

We have a Vulnerable Customer Policy in place to ensure that where a vulnerability is identified we can ensure appropriate steps are taken and customers are treated individually. The strategies include:

- Training for all necessary staff so that they can recognise and respond to the needs of vulnerable customers
- Processes in place to ensure vulnerable customers are serviced appropriately (including specialist staff members)
- Suitable communications can be put in place when required

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

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 both the Senior Management and Compliance Functions, 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	Cost	Limitations
<p>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.</p> <p>How the product helps a customer achieve their financial goals.</p>	<p>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.</p>	<p>The cost of funding the Product and any other reductions in costs to the customer made possible by economies of scale.</p>	<p>Any limitations on the service we provide of the Product.</p> <p>How the product, with terms of its features for everyone.</p>

#### Results of our assessment

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