

Tiers 3,4 & 5

Product name: Precise Mortgages Tiers 3, 4 & 5

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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 Tier 3, 4 & 5 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 group, most notably the need to secure finance on a first home. The product features and criteria are designed to support these needs.

- Products that allow 2 defaults within 24 months and 1 CCJ within 24 months as long as none recorded in the last 3 months
- Products that allow 5 defaults within 24 months and 3 CCJ within 24 months as long as none recorded in the last 3 months
- Unsecured arrears are not counted
- Up to 85% LTV (Tier 3 & 4) and up to 80% LTV (Tier 5)
- Up to £1m maximum loan size
- Terms up to 35 years
- 2, 3 & 5 year fixed options available to give customers a choice and ability to fix their monthly payment
- Where available a refund valuation up to £630 up to £500k property value. Above £500k property value the cost of the valuation is discounted by £630.

- Available for Purchase and Re-mortgage
- Debt Management Plans (DMPs) accepted

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
Customer had a default about 12 months ago due to a life event, but hasn't had a default since. Have a 15% deposit saved	Available through Intermediaries only. Applications are only accepted on an advised basis.	<ul style="list-style-type: none"> • Wants to purchase a home • Want to repair their credit profile from the blip 12 months ago, i.e. their mortgage to be cheaper in the future • 85% LTV mortgage • Want surety of the amount they have to pay each month but also be tied in for long to give them more options
Customer has had 3 defaults within the last 24 months but is now getting their finances back on track. Currently have 30% equity in their home. Looking to combine their debts into one payment	Available through Intermediaries only. Applications are only accepted on an advised basis.	<ul style="list-style-type: none"> • Be able to remain in their current home • Capital Raise in order to pay off debt • Wants to credit repair • Wants surety of how much they will need to pay each month, will not be locked in until they can move to a better rate • Debt Consolidation available
Customer has 3 defaults 12 months ago, as a consequence, they decided to get their finances on track using a DMP to make it manageable. They have had no issues since	Available through Intermediaries only. Applications are only accepted on an advised basis.	<ul style="list-style-type: none"> • Want to purchase a home or be able to remain in their current home • Credit repair, they are already taking steps to improve their financial circumstances • To be able to meet their financial objectives with a DMP in place • Wants surety of how much they will need to pay each month

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:

- Have no adverse credit history
- Have less than 15% deposit or 20% deposit depending on level of debt
- Have a Debt Management Plan in place for less than 12 months
- Have had adverse history within the last 3 months
- Are purchasing a property to let
- Do not meet lending criteria
- Are purchasing a property that does not meet criteria
- Have less than 15% deposit

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.

As the customers will have historic adverse they may potentially have low financial resilience, even though they may have improved their position since the historic adverse. The historical adverse could also indicate lower capability.

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 the 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
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. How the product helps a customer achieve their financial goals.	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.	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 service we provide of the Product. How the product, in terms of its features, is fair value for everyone.

Results of our assessment

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