

Product Information

TARGET MARKET AND FAIR VALUE STATEMENTS

Flexible Lifetime Mortgage Range

RESPONSIBLE
LENDING

 ROYAL LONDON
Royal London Equity Release

This document is provided to you to ensure you have the appropriate information available when considering the Responsible Lending Flexible Lifetime Mortgage Product Range for your customers.

We have illustrated the key features of this range of products, and who it is and is not likely to be suitable for. This includes characteristics of vulnerability.

Responsible Lending are committed to ensuring our products provide customers with consistently good outcomes and allow them to pursue their financial objectives.

This document pertains to the following products from our range:
Responsible Lending Flexible Lifetime Mortgage Range
Royal London Equity Release Flexible Lifetime Mortgage provided by Responsible Lending.

Responsible Lending's Role

Under the new Consumer Duty, Responsible Lending are defined as a 'Co-Manufacturer'.

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PRODUCT DESCRIPTION

- The contract is a first-charge legal mortgage that enables the customer (s) to release money from their main residence.
- The minimum age is 55 and the maximum age is 84.
- The mortgage does not have a specific term (repayment date).
- The mortgage will normally be redeemed on:
 - The death of the last surviving customer.
 - The death of the second customer if the first has already entered long-term care.
 - Entry into long-term care of the last surviving customer (or in a joint life case, the second customer where the first is already in care).
- While the customer (s) continues to occupy the mortgaged land as their main residence:
 - No instalment repayments of the capital and no payment of interest on the capital (other than interest charged when all or part of the capital is repaid voluntarily by the customer (s)) are due or capable of becoming due.

Our Target Market Statement

OUR PRODUCTS ARE LIKELY TO BE APPROPRIATE FOR

The target market for our product range is typically customers who fit the following segments (list not exhaustive), who are looking to:

Enhance retirement finances by releasing equity from their home – these customers will typically be looking to ‘top up’ state or personal pension schemes to enjoy a better standard of living in retirement.

Repay existing borrowing, including commonly those with and interest-only mortgage approaching the end of term with no repayment vehicle in place.

Gift to family and friends for a range of reasons including helping children get onto the property ladder, sometimes as part of a financial planning and Inheritance Tax (IHT) management strategy.

Aspire to do the things they have always wanted to do, be that a dream holiday, home improvements or a luxury purchase.

OUR PRODUCTS ARE UNLIKELY TO BE APPROPRIATE FOR

Due to the nature and restrictions of the product it may not be appropriate for the following customer segments:

Customers younger than 55 years old or in the case of joint homeowners, where the youngest applicant is younger than 55 years old*

Customers who want to make contracted and fixed monthly repayments by Direct Debit on a monthly basis. This is a feature we do not offer.

Customers who wish to ringfence a fixed portion of their property to leave as an inheritance to family or friends as our products do not offer an Inheritance Protection feature.

**In some cases, customers approaching our minimum age may be eligible for our product range, our Customer Service Team will be able to provide you with more information on this.*

Product Description

Our product range is designed for homeowners over the age of 55 and under the age of 84 who wish to access equity from their property in the form of a secured Lifetime Mortgage as defined by the Financial Conduct Authority.

All our products are designed to meet the standards set by the Equity Release Council and are reviewed annually to ensure they continue to meet these standards.

KEY FEATURES

- **Option to make voluntary interest repayments** – customers can choose to repay a percentage of the initial loan amount or interest as it accrues in order to manage the roll up of the loan balance.
- **Fixed & Defined Early Repayment Charges** – our Early Repayment Charges are clearly defined and disclosed to customers.
- **Early Repayment Charge Waiver** – under certain circumstances, customers can avoid paying the early repayment charges applied to the product.
- **Drawdown Functionality** – our products offer the option to hold back a proportion of the loan amount for use at a later stage as advised by you.
- **Interest Rates** – fixed for the lifetime of the mortgage.
- **Customer Support** – from our experienced and dedicated Customer Service Team who will support customers through all aspects of their Lifetime Mortgage.




Type – Our products are ‘Lifetime Mortgages’ as so defined.

Term – Our products are designed to be ‘long term’ and are designed accordingly.

Distribution – Our products will only be sold on an ‘Advised’ basis via FCA authorised intermediaries who we have a current contractual agreement with.




Ensuring Fair Value

WE HAVE UNDERTAKEN A THOROUGH AND DETAILED ASSESSMENT OF OUR PRODUCT RANGES TO ENSURE THEY OFFER FAIR VALUE TO OUR CUSTOMERS.

AREA	CRITERIA	OUTCOMES	FAIR VALUE
PRICING	<p>Assessment of overall cost to the consumer</p> <p>Assessment against competitors</p>	<p>Our products are priced in conjunction with our funding partner and 'Co-Manufacturer', Rothesay Life. Assessment of their place in the market indicates the overall 'cost to borrow' is competitive.</p> <p>Our fees and charges have been subject to time/cost analysis and are representative of Fair Value.</p> <p>Our Early Repayment Charges are clearly set and disclosed in the relevant documentation.</p>	
BENEFITS	<p>Assessment of the Benefits and Features of the products against the intended target market</p>	<p>Our Customer Outcome monitoring indicates that our key product features are utilised in line with our expectations with customers utilising their option to make optional repayments and drawdown further monies.</p>	
UTILITY	<p>Assessment of the product utility against its intended uses</p>	<p>Our assessment of the reasons for borrowing strongly indicates the product is being used in line with its intended purpose with high numbers of customers borrowing for mortgage repayment, home improvements and to supplement income.</p>	

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AREA	CRITERIA	OUTCOMES	FAIR VALUE
CUSTOMER SUPPORT & UNDERSTANDING	Assessment of the standard of support offered by our internal teams including complaints, SLA's etc	Our assessment indicates that customer complaint volumes are low, service-based performance indicators are all being met, and customers can speak to our Customer Service team without difficulty. We are conducting 'customer testing' to further support this.	
OTHER ASSOCIATED COSTS	Assessment of open and associated other costs to the consumer, legal fees, servicing etc	The associated costs to the customer from services such as legal advice, conveyancing and valuation are aligned to the wider industry.	
DISTRIBUTION	Assessment of our Distribution network	Our monitoring of our distribution network indicates advice given is wholly suitable.	

Customer Vulnerability

SUPPORTING CUSTOMERS WITH CHARACTERISTICS OF VULNERABILITY

At Responsible Lending we recognise that our target market is made up of customers in their later lives and as a result are more likely to display characteristics of vulnerability, we understand that vulnerability is transient and may present at any point during the customer's relationship with us.

Particularly we recognise that due to the age profile of our intended customers certain types of vulnerability are likely to be more prevalent, these include:

- **Life Events** – such as death of a partner or spouse.
- **Financial Difficulty** – customers who may be vulnerable due to their financial circumstances.
- **Resilience** – customers who may struggle to understand complex financial products.
- **Coercion** – customers who may be susceptible to fraud or scams.

HOW WE SUPPORT OUR CUSTOMERS

We have introduced several methods for identifying and supporting customer vulnerability, namely:

- ✓ All our staff are trained to identify and manage customer vulnerability both when they start with us and on an ongoing annual basis.
- ✓ We monitor vulnerable customer MI to identify themes and trends and introduce learning back into the business to continuously improve.
- ✓ Checks and Balances – we deploy a number of pre-borrowing checks such as Experian credit checks to identify Financial Vulnerability and CIFAS Fraud Checks to limit the risk of fraudulent activity.
- ✓ We signpost customers to supporting organisations where we believe it is beneficial to the customer for us to do so.
- ✓ We check in with our customers at least annually but more frequently where we believe it necessary, we may refer the customer to you if we feel they may benefit from further advice and appreciate your support in providing this.

Our Support



At Responsible Lending, we are here to help you ensure your customers always receive good outcomes.

If you have any questions on the content of this Product Information Guide, please do not hesitate to contact our Compliance Team on **(01752) 858 222** or **complianceteam@responsible.co.uk**.

Alternatively, please visit our website **www.responsiblelending.co.uk**.