

Product name: Second Charge Mortgages

Information sheet produced: 20th 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'.

Shawbrook sets the final price that the customer receives, including some distribution charges (i.e., through commissions), we are responsible for ensuring that the Product provides fair value.

As a distributor you do not need to carry out a value assessment of the Products – but you should review the information below to understand the benefits for the target market before you distribute the product. You should confirm to the customer that Shawbrook Bank has carried out a value assessment of the Products.

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 Second Charge Mortgage product range continues to meet the needs, characteristics, and objectives of customers in the identified target market – the two most common needs being debt consolidation and funding home improvements.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market.

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, most notably the need to secure finance to carry out a specific objective. The Product features and criteria are designed to support these needs.

- Fixed and Variable options available
- Nil ERCs across all products
- Mortgage Terms up to 35 years
- Higher LTV lending (up to 80%)
- Free Automated Valuation's available (subject to criteria)
- A wide range of loan purposes considered
- Ability to borrow up to £500,000
- No minimum income requirements (subject to affordability assessment)
- 3 months minimum employment tenure

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 Products, recognising their different needs, to enable you to tailor the services you provide when you distribute the Products.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Owner occupiers looking to fund home improvements	Available through an accredited panel of Intermediaries only	<ul style="list-style-type: none"> • Ability to borrow whilst retaining the existing 1st charge mortgage • Access to higher LTV lending • Access to larger loans • Low or no ERCs to repay at anytime • Longer mortgage terms for more affordable monthly repayments
	Applications can be through advised sale only	<ul style="list-style-type: none"> • To reduce utility costs with energy saving home improvements • To enhance lifestyle and possibly increase the property value • To adapt property to suit personal circumstances
Owner occupiers looking to consolidate debt into a single monthly payment	Available through an accredited panel of Intermediaries only	<ul style="list-style-type: none"> • Ability to borrow whilst retaining the existing 1st charge mortgage • Access to higher LTV lending • Access to larger loans • Low or no ERCs to repay at anytime • Longer mortgage terms for more affordable monthly repayments
	Applications can be through advised sale only	<ul style="list-style-type: none"> • To reduce monthly commitments with a single manageable payment • To increase household cash flow for lifestyle choices
Owner occupiers currently in an IVA, required to release equity to repay	Limited distribution via an accredited Intermediary only	<ul style="list-style-type: none"> • Ability to retain the existing 1st charge mortgage • Access to higher LTV lending • Access to larger loans • Low or no ERCs to repay at anytime • Longer terms for more affordable monthly repayments • Lower credit score requirements
	Applications can be through advised sale only	<ul style="list-style-type: none"> • To reduce single monthly commitment • To increase household cash flow for lifestyle • To help rebuild credit rating • To release from IVA and remove spending restrictions
Owner occupiers looking to fund any other acceptable purpose	Available through an accredited panel of Intermediaries only	<ul style="list-style-type: none"> • Ability to borrow whilst retaining the 1st charge mortgage • Access to higher LTV lending • Access to larger loans • Low or No ERCs to repay at anytime • Longer terms for more affordable monthly repayments
	Applications can be through advised sale only	<ul style="list-style-type: none"> • To repay a tax bill • To fund a purchase (holiday, car, wedding etc) • To purchase an additional property (BTL, holiday home etc) • To gift money to immediate family members • To repay Help to Buy commitment • To fund a lease extension <p>This list is non-exhaustive but includes the more common customer objectives seen.</p>

The Product is not designed for customers who:

- Do not have a 1st charge residential mortgage
- Do not pass our lending or property criteria
- Are part of debtor, creditor, or supplier arrangements (apart from IVA)
- Seeking funding for business start-ups, gambling, bridging or financial speculation
- Have significant financial difficulties or fail our affordability tests

4. Customers with characteristics of vulnerability

The Product is designed for homeowners with a 1st charge residential mortgage, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over the length of the Product.

We do not expect our customers to have a comprehensive understanding of mortgages, the mortgage market, or the financing alternatives available to them. They require advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into. Receiving good advice is critical to reducing the risk of customer harm. In our distribution strategy, it is the distributors responsibility to provide good advice to all consumers before applying for the Product.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- Education, training and reference sheets 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 communication tailoring
- Flexible policies & Standard Operating Procedures, where appropriate, to support vulnerable customers
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability
- Enhanced underwriting and documentation requirements to satisfy our lending decisions

Vulnerability can change over time and our framework allows Shawbrook to ensure accounts are monitored frequently and that we continue to provide support throughout the life of the loan.

We carry out regular reviews to ensure the Bank policies are being adhered to in the identifying, recording, and handling of vulnerable customers along with ongoing responsibilities and servicing monitoring.

Intermediaries must continue to comply with their obligations to ensure that they treat customers in vulnerable circumstances fairly and ask relevant questions – you should notify Shawbrook when your customers require further assistance but only where explicit consent has been given.

At application stage, we are adding the option for all intermediaries to highlight any customers they have identified as vulnerable and disclose guidance to us where consent is obtained to do so – we will use this information as part of our role in processing the application

Please do not hesitate to contact us if you need any further information about how Shawbrook support the needs of our customers.

5. Our assessment of value

Benefits	Price	Costs	Limitations
<ul style="list-style-type: none"> The range of financial & non-financial features that the product provides. The quality & level of customer service provided. 	<ul style="list-style-type: none"> The ongoing cost for the customer driven by the interest rate and the term of the mortgage advance. A product arrangement fee which includes the cost of solicitors arranging the charge. Broker Fees charged by intermediaries to cover their costs alongside a reasonable profit margin Support, change or servicing costs outlined in our Tariff of Charges. Regular monitoring of market activity and competitor pricing. Non-financial costs such as the time it might take to access support at any point in the life of the mortgage and the channels available to seek support. 	<ul style="list-style-type: none"> The costs incurred by Shawbrook Bank to fund the product. Operational running costs of Shawbrook Bank. Costs to provide additional ad hoc services to our customers. Commission payable to intermediaries. 3rd party costs involved with assessing, completing or managing the loan – for example, legal fees. Our assumed cost of risk for different types of customer and across the range of LTVs we offer. 	<ul style="list-style-type: none"> Barriers to Servicing & communication. We do not currently have any digital channels available. We are unable to lend to all customer cohorts or agree all applications. Please read this Information Sheet alongside our Lending Criteria.

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage products. This analysis is used to ascertain whether the Product delivers Fair Value for customers.

Results of our Assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market. However, we are working on some enhancements relevant for distributors:

- We intend to launch a new variable rate product linked to 'Shawbrook Base Rate' as we believe this is easier for customers to understand.
- All of our current products have no early repayment charges offering customers flexibility of when to repay, even on fixed rate mortgage products.
- We are enhancing our Application Form and DJ system with further questions and opportunity for you to disclose information relating to customer vulnerability, where consent is obtained.

- Our customers can access support via telephone – these contact numbers are shared with you at the bottom of this Information Sheet to provide customers with pre-sale. We are working on introducing email support in the future but this is not yet available.

In-Life Customer Support

Customers can tell us about any changes in their personal circumstances or financial position which may affect their ability to manage their loan with us. If there have been any changes, we can help throughout the life of the loan. They can contact us on the below details.



Shawbrook Bank Limited
c/o Property Finance Division
Sunderland
SR43 4AG



Arrears Management Team
0345 650 6288



Customer Services Team
0345 650 6287

Customers can seek independent advice from third party organisations such as;



Citizens Advice Bureau
www.citizensadvice.org.uk



MoneyHelper
www.moneyhelper.org.uk



National Debtline
www.nationaldebtline.org