Fair Value Assessment – Services Offered

For External Distribution July 2024

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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.

Summary of our assessment

We have assessed that:

- Our product ranges continue to meet the needs, characteristics, and objectives of customers in the identified target markets of each service.
- The intended distribution strategy remains appropriate for the target markets of each service.
- The Product provides fair value to customers in the target markets (i.e. the total benefits are proportionate to total costs).

Results of our assessment

- Our assessment concluded that the Product (which is our brokering, secondary brokering and packaging) continues to deliver fair value for customers in the target market for the Product.

1. Product Range target market assessment

a. 1st charge Mortgages

Where we are customer facing we have access to the lenders from the whole of the market.

When acting as a packager for external FCA authorised advisers we usually operate with a restricted panel of specialist lenders who only offer their products via registered packagers.

FCA regulated advisers have access to mainstream lenders and only refer cases to us that they have failed to find a lender for from the mainstream market.

We hold lender fair value assessment documents for the specialist lender panel that is available for our introducers on request and is on our introducer facing website. This panel has been sourced by reference to product, criteria and service.

We review and record our fee structure against competitors on a regular basis. Our general model is to charge a packager fee when the case goes to full application and split the lender procuration fee.

b. 2nd charge Mortgages

We have access to every lender within the 2nd charge market and hold lender fair value assessments for all of these.

We do not routinely recommend products that exceed 90% loan to value unless this has been created by a down-valuation and the client has already committed to lender and valuer fees.

We are often presented with clients in some form of financial difficulty. We always discuss alternative debt management options and signpost free charity based advice as an option rather than the client(s) securing against their property.

Where the financial difficulties are severe we will not recommend securing further borrowing against their property without proof that alternative debt management has been considered.

We have access to lenders that can review all forms of adverse credit history.

We review lender fee structures against market average charges. In all cases client circumstances and lender criteria will dictate products that can be recommended. Rate and overall cost will always be analysed.

Our fee structure depends on the introducer as some are set by the Network as part of our services contract. We do also review these structures against competitors and across the Networks we are contracted to.

For debt consolidation cases we carry out a full line by line analysis of all debt. We will not recommend consolidation of loans or where disposable income is sufficient to clear 0% credit cards.

Where consolidation exceeds 50% of net income we will signpost clients to free debt management advice before proceeding.

c. Regulated Bridging

Bridging finance is very high risk and we still follow the recognised MCOB steps albeit these can be all in the same day where a client needs an urgent response. Where possible we ask clients to take a time out and consider the information supplied before proceeding and incurring fees.

We review the proposed exit to the bridge at outset and require evidence where this is going to be via some form of re-finance. Maximum borrowing will be capped by lender criteria, and we only recommend higher loan to value products where there is some form of refurbishment that will add to the property value.

d. Later Life

All products we recommend are from lenders who are members of the Equity Release Council and adhere to all the best practice and criteria required. Fair value assessments are held for each lender on panel.

All products have a no negative equity guarantee.

Our fee proposition appears to be the lowest in the market from market research.

All applications require independent legal advice and most offer free valuations.

2. Ensuring Fair Value

a. Fee Pricing

We have been consistently amongst, if not the, lowest fee charging business in our sector, across all business lines. We will always inform clients of all fees before they need to make a commitment to proceed.

We always recommend that fees are not added to the borrowing and require the client to instruct us where this is their preference.

Our fees do vary across the diverse product lines and reflect the work required from ourselves on the client's behalf.

We only charge a fee when a client has processed a loan through to a full application. We never charge a fee prior. In second charges we never charge a fee before offer, and usually on completion of the loan.

We monitor lender fees and have removed some product ranges with excessive fees from our product offering.

b. Features & Benefits

We will only recommend a product that fits the client's objectives and will not order take.

The benefits and risks of all product options will be explained.

Risks associated with the product will be explained with equal emphasis to the benefits.

All details of the product will be provided in writing and reviewed with the client(s). All recommendations will be confirmed in writing and/or by email.

c. Preventing Foreseeable Harm

We have analysed the product options across all the business lines we offer.

We restrict Loan to Value products to 90% across 1st and 2nd and 75% for bridging. For mortgages the risk is negative equity and for bridging the risk is that the exit route may fail.

We make clients aware that they should consider protecting their borrowing. We have an introducer arrangement for our direct business and recommend they discuss this with their adviser for introduced business.

We have a no cross selling agreement in place with all introducers.

For all borrowing over 85% we include a standard negative equity risk warning within our Suitability Letter.

We contact bridging clients during the course of their bridging loan to highlight where there is a risk of the bridge not being repaid.

3. Application Processing

a. Full Fact Find, research and best outcome assessment

When we are customer facing the full MCOB process is followed. Evidence of research is documented along with lender choice rationale to demonstrate in writing that the best outcome possible has been achieved.

b. Dedicated case manager / underwriter

Every case has a dedicated member of the team allocated. Cover is provided across the team with manager oversight where required.

Any questions regarding advice is referred back to the qualified salesperson to respond to.

c. Compliance and management oversight

We have in place a full Training and Competence scheme in place with cases reviewed based on the individual's progress through this process. All Equity Release cases are reviewed. All compliance staff are CeMAP qualified. The Compliance Director oversees as 2nd line of defence also holds the Equity Release qualification and is a board member of the Society of Mortgage Professionals. We have 3rd line of defence support from an experienced external compliance provider.

d. Identifying and supporting vulnerable customers

Our relatively unique place in the market means that almost all clients have at least one element that could be considered a vulnerability – the financial imperative to borrow money.

All staff understand their responsibilities regarding identifying additional vulnerabilities and tailoring our services to help the client achieve their financial objectives.

Extensive training has taken place and is reviewed regularly by formal training, case studies and sharing best practices.

We have a Vulnerable Persons Champion within the Senior Management Team.

Our CRM system records vulnerable clients and the actions taken to help the client.