

Product name: Residential Secured Loans (second charge mortgages)

Information sheet produced: July 2024

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 in complying 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 2nd charge product range continues to meet customers' needs, characteristics, and objectives 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 target group's needs, 2nd charge loans for homeowners that require a single-use loan for a defined purpose and amount. The product features and criteria are designed to support these needs.

- LTVs up to 95% for Residential properties
- Loan amount from £5k to £200k (higher on referral)
- 5-year fixed rate with only 3 years ERCs
- Terms from 6 to 30 years
- Most loan purposes available, e.g. business use, home improvements
- Up to 80% LTV where 1st mortgagee will not grant consent
- No stated maximum age (full lending into retirement considerations)
- Wide variety of customer credit/income profiles and circumstances considered
- Available via Intermediary channel or direct with the lender
- No charges for returned payments or arrears management fees

The eligibility criteria can be accessed via [\[this\]](#) link on our website.

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
Homeowners requiring funds for defined purposes and amounts, including home improvements, car purchases and business use	Applications through Intermediary and Direct channels Available through an advised sale only	Access to a wide range of loan sizes Access to funds for a variety of purposes To fix their costs for a defined period
Looking to consolidate a number of existing credit lines into a more manageable and affordable solution	Applications through Intermediary and Direct channels Available through an advised sale only	Access to a wide range of loan sizes To fix their costs for a defined period Reduce the amount of more costly unsecured debt To repay the capital by the end of the mortgage term via a manageable monthly payment.
If the current 1 st mortgage is on a low rate/fixed or with ERCs may not be beneficial to remortgage	Applications through Intermediary and Direct channels Available through an advised sale only	Access to a wide range of loan sizes Access to funds for a variety of purposes To fix their costs for a defined period
The customer's past credit history may not be acceptable to 1 st mortgage lenders or other credit suppliers	Applications through Intermediary and Direct channels Available through an advised sale only	To fix their costs for a defined period Access to a wide range of loan sizes Reduce the amount of more costly credit Improve credit profile for future ability to return to prime lenders
Intermediary distribution through <ul style="list-style-type: none"> • Directly authorised mortgage intermediaries • Networks and their Appointed Representatives 		

The Product is not designed for the following customers:

- Customers that are looking to refinance/remortgage in the short term.
- Greater than 90% LTV on 1st charge.
- Applicants who cannot demonstrate suitable affordability.
- Customers that are looking for an Interest only mortgage.
- Customers that are looking to borrow for living expenses, gambling or other expenses that are short-term in nature.
- Do not meet our lending or property criteria.

4. **Customers with characteristics of a vulnerability**

The Product is designed for the 2nd charge market segment, which will likely include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Customers in this market may possibly have accrued a higher level of unsecured debt and be more likely to have characteristics of financial vulnerability or credit impairment. Therefore, they may require additional advice and support to ensure they understand the information being presented and the implications of the arrangement they are entering into to reduce the risk of harm.

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 with vulnerability characteristics.

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

- Education and training 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 communications.
- Flexible policies, where appropriate, to support vulnerable members.
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

We also have strategies to minimise the impact of our product on potentially vulnerable customers, which include:

- Underwriting process, which includes in-depth affordability and suitability assessment to ensure the product is affordable and meets customer needs.
- Minimum income and affordability thresholds.
- A process to identify potentially vulnerable customers as early as possible to ensure the proper support is provided if necessary.
- Underwriting department call all customers pre-completion to ensure they fully understand the loan they are taking out and the terms and conditions and allow them additional time to consider the transaction.

Intermediaries should continue to comply with their obligations to treat customers in vulnerable circumstances fairly.

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 ascertains whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Board, allowing for the 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	Costs	Limitations
The range of features that the Product provides, the quality of the Product, the level of customer service provided and any other features that the Product may offer.	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 are made possible by economies of scale.	Any limitations on our scope and service we provide or the Product's features.

Results of our assessment

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