

# Positive LENDING

**Fair Value Assessment – Services Offered**

**June 2025**

**Submitted by Paul McGonigle, CEO**

## 1. Product Range target market assessment

- a. 1<sup>st</sup> charge Mortgages
- b. 2<sup>nd</sup> charge Mortgages
- c. Regulated Bridging
- d. Later Life

## 2. Ensuring Fair Value

- a. Fee Pricing
- b. Features & Benefits
- c. Preventing Foreseeable Harm

## 3. Application Processing

- a. Full Fact Find, research and best outcome assessment
- b. Dedicated case manager / underwriter
- c. Compliance and management oversight
- d. Identifying and supporting vulnerable customers

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. 1<sup>st</sup> 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 procurement fee.

### **b. 2<sup>nd</sup> charge Mortgages**

We have access to every lender within the 2<sup>nd</sup> 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/or valuation 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.

#### **SERVICE DESCRIPTION**

- An initial meeting / discussion
- Fact-finding and information gathering via a recorded call
- Research using a sourcing system and / or market knowledge
- Full advice and recommendation for MCOB regulated consumers.
- Application / documentation support
- Arranging valuation (full, desktop or drive by)
- Assistance in arranging ILA or legal services for foreign nationals or expats if required
- Legal assistance recommendations if no solicitor has been sought
- Post offer support – liaising with lender and solicitors until completion.
- Signposting or provision of ancillary products or services connected to the primary borrowing requirement to prevent foreseeable harm
- Post completion support including contact prior to the expiry of the bridging facility on more than one occasion, assisting the client with an exit if the intended exit strategy has failed, liaising with the lender to review options available if the exit strategy has failed.

#### **TARGET MARKET**

New or existing customers looking to obtain bridging finance in the event of chain break, sale and downsize transactions, urgent requirements to raise short term capital, urgent renovations or repairs, auction purchases, home improvements, releasing equity in their property with limited ability to obtain standard term or income assessed mortgages, acquisitions that require change of use to meet housing association rules.

Most bridging providers will consider standard and sub-prime clients, the ability to repay a loan is removed due to the interest on these facilities being rolled up and added to the capital borrowed with no requirement to service this or make repayments over the term to reduce the capital.

## LIMITATIONS

- Clients who have no feasible means to exit (repay) the bridge without detriment to their home.
- Clients who may be at risk in obtaining a term mortgage to exit (repay) the bridge.
- Clients who are seeking longer term solutions (over 12 months).
- Clients who do not have planning approval to undertake proposed works to their property.
- Clients who are foreign nationals domiciled outside of the UK and are not a Director of a UK Ltd Company.

## REMUNERATION

- Application fee of £295 which is non refundable
- Procuration fee – paid by the lender on completion and shared with the introducer/network/club

Competitor	Application Fees
Brightstar Financial	£495, non refundable
Aria	1%, minimum £995. Non refundable
Complete FS	£399 Advice and arrangement fee.
Crystal SF	£0 for unregulated, do not advise on regulated cases
Impact SF	£395 fee, non refundable

Following a review of the market we have deemed that our fee is fair and reasonable for the service that we provide. Fees are not charged for our services prior to application and this is a market where conversion rates to application are lower than traditional lending avenues. Our service is not significantly higher or lower in price than other services offered in our market. However, we are highly experienced in the provision of this service and, on some occasions, are able to attract exclusive and semi-exclusive products, and access to lenders and products unavailable if attempted to access them directly. We have assessed our competitors and sought feedback from our introducers and lenders across all lending disciplines that are captured by the Duty and are satisfied our service is fit for purpose.

## VALUE/BENEFITS

- Independence
- Access to sourcing systems allowing comparison of wide number of deals from an extensive panel of lenders.
- Integrated AML functions within our platform to identify potential risks
- Research into the cheapest suitable bridging facility and explanation given when not recommended.
- Knowledge and experience of the bridging market.
- High quality customer service – rated excellent on Trustpilot
- Access to lender support including in house underwriters

- Ensuring quality applications, and therefore avoiding issues with fraud checks and other delays
- Explaining the effect and impact of adding mortgage fees to the loan
- Explaining the effect and impact of when is best or not to pay a product fee.
- Access to third party professional support, e.g., surveyors, solicitors, conveyancers, independent legal advisers.
- Detailed management information at granular level to note key trends for consumers
- Ability to assess and apply lender target market considerations
- Relationships with lenders underwriters so that applications may be considered on a merit basis.

### **Characteristics of vulnerability**

We will adapt our service according to the needs of our customers. Situations where a vulnerability may compromise the value of the service we offer may be:

language barriers, first time buyer with less financial experience and resilience when compared to other mortgage borrowers; low level of financial sophistication or mental capacity issues.

We will give additional advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring. We will also offer additional communication channels to meet the needs of the individual and signpost for additional assistance from external sources if deemed to be necessary.

*In the sub-prime sector, clients may also display the following behaviours:*

- Lack of knowledge and experience (low level of financial sophistication).
- Clients may have defaulted in the past and/or still have evidence of credit issues.
- As the customers will have historic adverse credit, 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.
- There is a risk the introducing adviser automatically matches the client to a sub-prime lender rather than still searching whether a mainstream lender would accept the case.

*The ways the firm mitigates against this risk:*

- Application of cheapest suitable mortgage rule (via sourcing systems).
- In house specialist experts in all product areas, ensuring that the relevant experts review the clients situation based on their experience.
- File reviews / systems and controls / KPIs

- Advice will be given to the client if we believe alternative mainstream options should also be considered.
- We would seek permission to share vulnerability issues with proposed lenders if deemed appropriate.

#### **d. Later Life**

All products is very high risk, and we recommend 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. Where possible we ask clients to take a time out and consider the information supplied before proceeding and incurring fees. All products have a no negative equity guarantee. All applications require independent legal advice and most offer free valuations.

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

We review the client's needs at outset and will consider other financial products which may be more suitable if they are available. This is a very new proposition to the Company.

Maximum borrowing is driven by lenders criteria and is typically low loan to value at outset.

#### **SERVICE DESCRIPTION**

- An initial meeting / discussion
- Fact-finding and information gathering via a recorded call
- Research using a sourcing system
- Full advice and recommendation for MCOB regulated consumers.
- Application / documentation support
- Assistance in arranging ILA or legal services
- Post offer support – liaising with lender and solicitors until completion.

#### **TARGET MARKET**

Age profile over 55 years of old, clients who require longer term funding arrangements with limited or no income, clients considered sub-prime and cannot arrange traditional funding, UK homeowners

#### **LIMITATIONS**

- Clients with limited equity in their property
- Clients who may be at risk of losing their equity over a longer period of time
- Clients who are seeking short term solutions due to ERCs on products
- Clients who are aged under 55 years of age, or have means to repay a traditional mortgage
- Clients who are foreign nationals domiciled outside of the UK and are not a Director of a UK Ltd Company.
- Clients who own property for investment only

## REMUNERATION

- Application fee of £395 which is non-refundable and charged at application although this can be deferred to offer, completion or waived. £495 advice fee charged on completion and again this can be waived.
- Procuration fee – paid by the lender on completion and shared with the introducer/network.

## PACKAGER ASSESSMENT (11<sup>th</sup> June 2025)

Competitor	Application Fees
Age Partnership	£1895 on completion
Key Advice	£1699 on completion
Viva Retirement Solutions	£995 on completion
Responsible Life	£1690 on completion
The Equity Release Experts	£1,999 on completion

Following a review of the market we have deemed that our fee is fair and reasonable for the service that we provide. There are examples that we waive either our application or advice fee for vulnerable customers. Our service is lower price than other services offered in our market. We have access to a large panel of lenders and access to lenders and products unavailable if attempted to access them directly. Our distribution strategy is from brokers or direct leads where do not pay up front for lead generation and this allows us to reduce pricing.

Our application fee is charged after the full process of lender submission for a DIP (Decision in principle) and a full advised process including a written recommendation to the client(s).

### *Summary*

We have assessed our competitors and sought feedback from our introducers and lenders across all lending disciplines that are captured by the Duty and are satisfied our service is fit for purpose.

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.

We offer traditional RIO products for clients if they are considered more suitable for the clients circumstances.

## **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.

We waive fees if we feel the client is financially vulnerable.

Our fee is split into 2 parts – application fee and offer/completion fee to ensure cases that do not complete do not overly financially burden the client whilst also remunerating the Company for the work that it provides.

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 1<sup>st</sup> and 2<sup>nd</sup> 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 2<sup>nd</sup> line of defence also holds the Equity Release qualification and is a board member of the Society of Mortgage Professionals. We have 3<sup>rd</sup> 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 and our CRM system records vulnerable clients and the actions taken to help clients.