

## **Product name: Residential Variable Rate range**

**Information sheet produced February 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.

#### **1. Summary of our assessment**

We have assessed that:

- Our variable rate mortgage range continues to meet the needs, characteristics, and objectives of customers 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 residential variable rate mortgage products are designed to meet the needs of the target group:

- Variable rate mortgage range available on up to 95% LTV
- Customers looking to purchase a new property or remortgage their existing mortgage to us
- Existing customers looking to product transfer, take further borrowing and or port their existing scheme onto a new property
- Customers who understand their monthly repayments may vary over the term of the mortgage
- Customers who do not feel that they will downsize or redeem their mortgage in full in the short term. However all our products are portable and can be transferred to the new property.

The product features and criteria are designed to support these needs:

- Availability on new and existing homes (subject to LTV restrictions)
- Product fee on completion on selected products up to the max LTV
- All products allow repayment of up to 10% of the capital balance annually without incurring Early Repayment Charges
- Regularly monthly over payment of £499.99 in addition to the 10% annual overpayment allowance
- Early Repayment Charge if the borrower redeems the mortgage during the initial fixed rate period (subject to T&C's)

- Products are portable and can be transferred to the new property (subject to T&C's)
- At the end of the initial variable rate period, the rate will revert to our Society's Standard Variable Rate for the remainder of the term.

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 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
<p>For new borrowers looking to purchase a new property</p> <p>Borrowers looking to remortgage to us</p> <p>Existing customers looking to product transfer, or take further borrowing and /or port their existing scheme onto a new property.</p>	<p>Available through the direct and intermediary channels.</p>	<ul style="list-style-type: none"> <li>• Access to a range of variable rate LTV products</li> <li>• Understand that their monthly payment may increase or decrease throughout the term of the product</li> <li>• Do not require the stability of a fixed rate product</li> <li>• Looking to reside in the property</li> <li>• Repayment mortgage to clear the capital by the end of the term</li> </ul>

The Product is not designed for customers who:

- Are purchasing a property to let
- Are unable to demonstrate the loan is affordable i.e. severely credit impaired borrowers
- Those looking to redeem their mortgage in full in the short term
- Those looking to fix their monthly payment and plan their finances
- Do not meet our lending or property criteria

### 4. Customers with characteristics of vulnerability

The product is designed for variable rate mortgage market, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Variable rate mortgage customers maybe unaware of the different options available to them. They may not have a comprehensive understanding of mortgages or the mortgage market, therefore unable compare the options available to them and the impact a variable rate product may have on their monthly payments.

Therefore, they may require 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 considered the needs, characteristics, and objectives of customers with characteristics of vulnerability as part of the design process for this range to ensure the product meets their needs.

We regularly conduct testing and monitoring of our product range to ensure good outcomes for our customers. This testing and monitoring includes a proportion of customers who have characteristics of vulnerability.

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

- Education and training for our colleagues 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 are in place
- Multiple contact methods are available
- Tailored communication requirements are available on request
- 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.

Intermediaries should continue to comply with your obligations to ensure that you 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 products. This analysis is used to ascertain whether the product delivers fair value for customers.

The outcomes of the assessment process are presented to the Mortgage and Savings Committee allowing for 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
<p>The range of features the product offers and the benefit they offer to the target market.</p> <p>The level of customer service provided to the customer across the distribution channels.</p>	<p>The product interest rates, fees and charges a customer pays and how they compare to the wider market.</p> <p>Fees reflect true cost to the Society.</p> <p>The product rates are comparable to relevant market rates. Monitor intermediary's' advice fees.</p>	<p>The main cost of the product is the funding cost, which is retail savings deposits (standard Building Society model).</p> <p>Costs are impacted by external financial markets and bank base rate.</p> <p>Operational costs incurred to product and service the product.</p> <p>Non-financial costs associated with operating the product such customer journey and experience</p>	<p>Any limitations on the scope and service we provide or the features of the product, such as advise and non-advise, channel distribution, regional exclusivity and product specific terms and conditions.</p>

Below is an example of the information reviewed and taken into consideration when completing the assessment:

- Product performance

- Operational performance
- Fees and charges (Product) subject to annual review and governance
- Customer experience insight and data
- Customer outcomes testing
- Customer complaints
- Product risk assessments
- Colleague education and training
- Customer in Vulnerable Circumstances Policy

#### Result of our assessment

Our assessment concluded that the variable rate product range continues to deliver fair value for customers in the target market for these products.