Bridging product information sheet

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.4.15 R 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 Regulated Bridging product 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 and benefits

The Product is designed to meet the needs of the target group, those customers who need a short term lending solution including for an auction purchase, chain breaking, downsizing and refurbishment. The Product features and criteria are designed to support these needs.

- Available up to 75% LTV
- Rolled Interest Only so the customer doesn't need to pay the interest during the term
- Up to 12 months term
- There are no ERCs on the product should the loan remain in place for at least 1 month, if redeem before then, a full months interest is payable
- Ability to use first property as charge for second
- Allowable up to 85 years at the end of term
- Light and Heavy Refurbishment available
- Chain breaking and auction purchase available
- No exit fee
- Maximum loan of £10m

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 and objectives
Customer is purchasing a new home but the deal for selling their current home has fallen through, putting their purchase in jeopardy	Available through Intermediaries only	• A way to be able to still purchase their new home while finding a new buyer for their current home • Doesn't want to have to pay for two mortgages at the same time • Only wants the solution for a short period of time
Customer is purchasing a home that needs serious refurbishment. They will not be moving into the new property until the refurbishment completed		• Funds to purchase and refurbish the property • Don't want to have to make loan payments, alongside paying for somewhere else to live • Plan to get all of the refurbishment work carried out with eight months
Customer is downsizing - Moving to a smaller or more suitable property		• Bridging loan enables them to raise funds against their current house to purchase the new property, then sell the old property to repay the loan • Up to 85 years old at the end of the term • Cross Collateral Charges if they already have a new property

Intermediary distribution through:

- Directly authorised mortgage intermediaries via Mortgage Clubs.
- Mortgage Packagers

All intermediaries must be registered with us and providing an advice based service.

The Product is not designed for customers who:

- Are looking for a long term product
- Want to pay interest during the term of the Bridging loan
- Want a product for more than 12 months
- Do not meet lending criteria
- Are purchasing a property that does not meet criteria

4. Customers with characteristics of vulnerability

The Product is designed for those customers who need a short term lending solution, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Bridging customers could be under pressure to be able to find a solution. As it is a different type of lending, customers may be unfamiliar with Bridging products even where they have gone through a standard mortgage application process multiple times. Given the broad age range of potential customers, some customers may also have characteristics or circumstances that could increase their risk of vulnerability and may require additional support.

All applications must be on an advised basis from a registered intermediary/mortgage advisor. This provides a degree of assurance the customer understands the product especially for those who have little knowledge of this type of loan.

We consider the needs, characteristics and objectives of the customer who may be vulnerable within the design process along with understanding that any customer can become vulnerable at any point during the customer journey.

We have a Vulnerable Customer Policy in place to ensure that customers with characteristics of vulnerability are identified, supported appropriately and receive outcomes that are as good as those experienced by customers who are not vulnerable.

We have in place a framework to achieve good outcomes for customers with characteristics of vulnerability, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of customers with characteristics of vulnerability
- Suitable customer service provision and communications
- Flexible policies, where appropriate, to support customers with characteristics of vulnerability
- 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 Product Approval Group, allowing for challenge and further investigation before we 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 that is 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 associated to a product including; Risk, Funding, Operational and Acquisition costs are taken in to consideration.	Any limitations on the scope and service we provide.

6. Results of our assessment

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

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