

Bluestone.
mortgages

Right to Buy Mortgage Product



Broker Information Sheet Right to Buy Mortgage Product v1.0 April 2023

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 Right to Buy product 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 Bluestone Right to Buy is for individuals or joint borrowers who are at least 21 years old at the point of application, who are currently renting a council property but are looking to purchase the property at a discounted price.

The product is designed to suit the needs of a defined set of customers that are likely to either have:

- financial difficulties in the past meaning they may have missed payments for example; or
- have complex income meaning they may have multiple jobs or the way in which that is paid is more complex.

As a result, the target market is unlikely to be able to successfully access High Street lenders.

The Product offers access to specialist Sales and Underwriting Teams who understand the needs of the target market.

For the Right to Buy product, value is derived from product attributes, such as:

- Allow properties to be bought at a discount value up to a specified cap
- The ability to consider multiple and complex income streams to support affordability
- The ability to consider customers with previous payment challenges, such as missed mortgage payments, previous unsecured arrears, CCJ's, defaults and previous bankruptcy
- The annual overpayment allowance
- No valuation and product fee

Full eligibility criteria can be accessed on our intermediary website via <https://bluestonemortgages.co.uk/brokers/our-products/>

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
<p>Individual or joint borrowers who are at least 21 years of age at the point of application, who are looking to buy the council property that currently rent at a discount price.</p> <p>The customer has an S125 outlining the terms of the sale.</p> <p>The property the customer is looking to buy is only located in England.</p> <p>These customers have typically had financial challenges in the past resulting in an impacted credit history or customers with complex income maybe due to the type of work they do or the number of income streams they have.</p>	<p>Available through intermediary* channels only.</p> <p>Available through advised sale only.</p>	<p>Looking for finance to purchase the council property they're renting at a discount price.</p> <p>Borrowers that may not have standardised income validation and want as much of that income to be considered for affordability purposes.</p>
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> ● Networks and their Appointed Representatives ● Mortgage clubs ● Directly authorised mortgage intermediaries <p>All intermediaries must be FCA approved and registered with us and have the appropriate regulatory permissions.</p>		

The Product is not designed for customers who:

- Are under the age of 21 and over the age of 75 at point of application
- Have a credit history and / or standard employment which would meet the criteria of mainstream / High Street lenders
- Are purchasing a property to let it out
- Require an interest only or part and part mortgage
- Do not meet our lending or property criteria

- Intend to move property in the foreseeable future and would want to transfer this mortgage to a new property, i.e. the product range is not portable

4. Customers with characteristics of vulnerability

The Product is designed for a market segment who are looking to purchase the council property they are currently renting and have complex income and/or impaired credit. It is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Customers with complex incomes are more likely to have less financial resilience than customers eligible for mainstream alternatives, including increased potential for variable/erratic income (for example, self employed or contractors).

Customers with an impaired credit history are more likely to have low savings, as it is quite possible that they would only reach a position of not making their past financial commitments once they had exhausted all readily available funds, including savings.

Customers wanting a fee free product are also more likely to indicate they have less immediately available funds / low savings.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this product range to ensure they meet their needs.

We have also tested the product range to assess whether they will meet the identified needs, characteristics, and objectives of the target market, including those 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 staff to ensure they have the appropriate skills and experience to recognise, understand and respond to the needs of vulnerable customers
- Suitable customer service provision and communications
- Flexible policies and practices to support vulnerable customers
- 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 range

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 is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Board, 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
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 of funding the Product and any other reductions in costs to the customer made possible by economies of scale	Any limitations on the scope and service we provide or the features of the Product

Results of our assessment

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