

Want to know
more about how
we can help your
clients?

Product name: Shared Ownership

Information sheet produced: 18 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 Shared Ownership 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 & benefits

The products are designed to meet the needs of the target group, those purchasing a Shared Ownership property. They likely have a small deposit and would not be able to afford a home on the market. They may have a lower amount of income and they are likely First Time Buyers. The product features and criteria are designed to support these needs.

Up to 100% of share value with individual products for 90% and 95% of the share value as well to support those with a small deposit



2, 3 and 5 year fixes to give the customers options for length of the fix and the ability to fix their monthly payments for a set time

Available for purchase and re-mortgage to help customers staircase passed their initial share

Minor adverse allowed

Up to 35 year mortgage term

Overpayments are available of up to £499 per month without ERCs

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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 |
|---|---|--|
| Customer looking to purchase a home using the Shared Ownership scheme. Cannot afford to purchase a property on the open market as income is too low. | Available through Intermediaries only. Applications are only accepted on an advised basis. | Home Ownership with access allowable through a third party scheme Potentially need access to a high level of lending (of the share they are purchasing) To fix the monthly payments so they understand how much it will cost them each month |
| Customer with a Shared Ownership property wanting to staircase to increase the amount of the property they own. | Available through Intermediaries only. Applications are only accepted on an advised basis. | Increase their stake in their home Additional Borrowing from current lender or re-mortgage and capital raise To fix the monthly payments so they understand how much it will cost them each month |

Intermediary distribution allowable through:

Directly authorised mortgage intermediaries
Networks and their Appointed Representatives

Mortgage clubs

Specialist distributors

All intermediaries must be FCA registered and must be registered with the lender to make an application.

The Product is not designed for customers who:

Can afford a property on the open market

Do not meet the eligibility criteria of the Shared Ownership Scheme

Are purchasing a property to let

Are purchasing a Shared Ownership property that cannot be stair-cased to 100% ownership

Do not meet lending criteria

Property does not meet property criteria

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4. Customers with characteristics of vulnerability

The Product is designed for those purchasing a Shared Ownership property, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerable circumstances over time. They are potentially FTBs and cannot afford a property on the open market.

Shared Owners could potentially have a lower financial resilience especially where they are borrowing a large proportion of the share being purchased. As it is likely for them to also be FTBs they are less likely to have knowledge and understanding of the mortgage market. Therefore, it is important that the Shared Owners can pass affordability checks and that they receive appropriate advice and support to ensure they understand.

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 financial services knowledge.

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 where a vulnerability is identified we can ensure appropriate steps are taken and customers are treated individually. The strategies include:

Training for all necessary staff so that they can recognise and respond to the needs of vulnerable customers

Processes in place to ensure vulnerable customers are serviced appropriately (including specialist staff members)

Suitable communications can be put in place when required

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly and deliver good outcomes.

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

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The outcomes of the assessment process are presented to both the Senior Management and Compliance Functions, 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 |
|--|---|--|
| 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 nonfinancial 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. |
| How the product helps a customer achieve their financial goals. | | |
| Limitations | | |
| Any limitations on the scope and service we provide or the features of the Product. | | |
| How the product, while broad in terms of its features, is not suitable for everyone. | | |

Results of our assessment

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

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