



Product name: Owner Occupied – Purchase – Adverse

Information sheet produced: 16/02/2023

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 Owner Occupied – Adverse 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, most notably the need to secure finance to purchase a residential property by a borrower with a credit event between 6 and 72 months old. The product features and criteria are designed to support these needs. The Product:

- may have a cash back to assist with legal fees
- may be eligible for an AVM or may have a free, standard valuation
- is a fixed or Tracker product
- has a Mortgage Term between 5 and 35 years
- may require a product fee on application and/or completion
- has an Early Repayment Charge if the borrower redeems the mortgage during the promotional period
- allows 10% repayment of the capital balance, annually, without incurring an Early Repayment Charge
- is available existing/second hand properties

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
<ul style="list-style-type: none"> • Borrowers who are over the age of 21 and resident in the UK and a UK tax payer • Borrowers who are younger than 75 and will repay their mortgage before they retire • Borrowers looking to purchase a residential property in the UK. • Borrowers who are living in the security property. • Borrowers who are seeking a repayment mortgage to clear the capital by the end of the term or a mortgage with an element of Interest Only borrowing with a suitable repayment vehicle in place to clear at the end of the term. • Borrowers who are employed and/or self employed • Borrowers who are able to meet our affordability tests and requirements • Borrowers with a credit event between 6 and 72 months old (whether by the definition of credit impaired or not), typically: <ul style="list-style-type: none"> ○ One or more missed payment(s) ○ One or more default ○ One or more County Court Judgement • Borrowers with a credit score or financial event that prevents them obtaining a "Prime Highstreet Mortgage" 	<p>Only available through non-Pepper advised sale.</p> <p>First charge mortgage products will be distributed through an approved network of intermediaries, where all mortgage applications are derived from FCA approved intermediaries and brokers who provide customer advice using their specific knowledge, expertise and competence to understand the features of the product.</p> <p>All intermediaries must be registered with us.</p> <p>First Charge marketing activity is targeted [exclusively] at the intermediary market. For mortgage brokers, there is a range of information online on our intermediary website via this link.</p>	<ul style="list-style-type: none"> • Access to adverse lending • To purchase a residential property. • To fix their costs for a period of time (fixed rate). • To be comfortable for monthly payments to rise, as well as fall (variable rate). • To repay their capital by the end of the mortgage term

The Product is not designed for customers who:

- wish to let the security property
- are prime borrowers
- do not meet our lending or property criteria
- borrowers under 21
- borrowers who are already retired or will be over 75 years old in the life of the mortgage
- borrowers who are not UK residents
- borrowers without a repayment strategy
- borrowers unable to demonstrate affordability for their monthly mortgage payment and their ongoing living expenses and declared credit commitments

4. Customers with characteristics of vulnerability

The Product is designed for a wide target market, and not to meet any inherent characteristics of vulnerability in the target market. However, it is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

The products will align with our vulnerable customer framework and aim to achieve fair value and good outcomes for customers who are vulnerable.

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 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 [applicable approval 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
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.