

**Product name: Self Build Mortgage Range**

**Information sheet reviewed: 15/02/2024**

## **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 Self Build 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 build a property for which they intend to reside in upon build completion. The product features and criteria are designed to support these needs.

- Mortgage Term up to 40 years
- Variable rate discount products
- Available for both purchase and remortgage, including product transfers
- Available up to 75% LTV throughout the stages of the build
- Available for interest only during the build, followed by repayment or part and part
- Overpayments of up to 10% of the mortgage balance

Full eligibility criteria can be accessed on our intermediary website via [Lending Criteria Archive - Melton Brokers : Melton Brokers \(themeltonbrokers.co.uk\)](#) link.

### 3. Target market assessment and distribution strategy

This target market assessment 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.

Characteristic	Suitable For	Not Suitable For
Circumstances	Customers looking to self-build or renovate a property to be their main home in England or Wales, requiring up to 75% LTV lending, including product transfers	Customers that are building a property with the intent to let or sell for profit, or are looking to finance an existing property
Customer Type	New and existing customers	N/A
Interest Type	Customers that want flexibility of payments dependent on future changes to interest rates	This fixed product is suitable for customers that want stability in their monthly payments
Fees	All new lending products have an application fee and completion fee associated with them, which should be considered through the advice process. There are no application fees applicable to product transfer products	N/A
Term	Customers that want a medium term product of between 2 or 3 years	Customers that want a long term product of more than 3 years
Property Usage	Borrowers who are planning to live in the security property upon build completion	Customers that are building a property with the intent to let, or who are building a property for any purpose other than for it to be their own residential property
Repayment Strategy	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 either do not want to clear the capital over the life of the mortgage, or do not have a suitable repayment vehicle in place to clear the balance at the end of the term
ERC	Our 3 year products are suitable for customers who do not expect to make significant overpayments or redeem before the product maturity date, other than upon build completion Our 2 year product is suitable for borrowers that want flexibility to redeem or make overpayments throughout the term before the product maturity date	N/A
Overpayments	Our 3 year products are suitable for borrowers that anticipate overpaying less than 10% of the original balance per year Our 2 year product is suitable for borrowers that expect or plan to make significant overpayments before the end of the term	N/A

Channel/Distribution	Borrowers that rely on a broker for advice on selecting a mortgage	Borrowers that are choosing to making their own independent decision on which lender to use, rather than using advice
Credit History	Customers that have credit history in line with our Self Build criteria, with no outstanding CCJs or defaults. For more information please refer to <a href="#">our criteria</a>	Customers with unsatisfied CCJs or defaults, or with satisfied CCJs or defaults in excess of our appetite. For more information please refer to <a href="#">our criteria</a>

#### 4. Customers with characteristics of vulnerability

We have considered the needs, characteristics and objectives of customers with vulnerabilities at all stages of the design process, including in our identification of the target market. The Product is designed for Self Build customers, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Self Build customers are likely to have a comprehensive understanding of mortgages or the mortgage market, particularly with regards to understanding the current market landscape and the impact future rate movements could have on their repayments. However, these customers are exposed to additional risk due to the various stages of funds release and the more complex requirements applicable to Self Build mortgages. Therefore, these customers may look for 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. For this reason, these products are available through intermediary advice only and therefore not available on a direct or execution only basis.

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 Performance & Product Governance 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	The interest rates, fees and charges customers pay for the product, comparable market rates, advice	The cost of funding the product and any other reductions in cost to the customer	Any limitations on the scope and service we provide or the features of the product.

service that is provided and any other features that the product may offer	fees paid to intermediaries and non-financial costs associated with operating the product	made possible by economies of scale	
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It should be noted that our fair value assessment has been completed under the assumption that as distributors of these products, a fair and justified fee has been charged for providing an advised service to the customer.

Results of our assessment

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