

For intermediary use only

## Mortgage Product – Fair Value and Target Market Assessment

**Product name:** Fixed Rate mortgages (Residential)  
**Information sheet produced:** April 2024

### Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of our product

This summary document is being provided to you to fulfil our responsibilities under FCA 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 product range continues to meet the needs, characteristics, and objectives of customers in the identified target market, including vulnerable customers.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market.

#### 2. Product characteristics & benefits, target market and distribution strategy

Product description	Who these products <u>are</u> designed for:
<p>A fixed rate of interest that offers security in monthly payments for the term of the agreement, regardless of whether interest rates rise or fall.</p> <p>The product may require the payment of an application fee, a completion fee which may be payable at application or can be added to the loan, and a Valuation fee will be charged for properties above £750k (in Greater London) or £500k in the rest of England &amp; Wales.</p> <p>An Early Repayment Charge will be payable only if the borrower remortgages to another lender or refinances their existing product with April during the fixed rate period. Early Repayment Charges will not apply in any other circumstances.</p>	<ul style="list-style-type: none"> <li>• Borrowers who are over the age of 18 and resident in England or Wales.</li> <li>• Both new borrowers looking to purchase a new property or remortgage to us, and existing customers looking to product transfer or take further lending.</li> <li>• Borrowers who are seeking stability in their monthly payments for a period.</li> <li>• Residential borrowers who are living in the security property.</li> <li>• Borrowers who are seeking a repayment mortgage to clear the balance by the end of the term.</li> </ul>

Distribution strategy	Who these products are <u>not</u> designed for:
<p>This product is intended for distribution via FCA authorised mortgage intermediaries, including:</p> <ul style="list-style-type: none"> <li>• Networks and their Appointed Representatives</li> <li>• Mortgage clubs</li> <li>• Directly authorised mortgage intermediaries</li> </ul> <p>All intermediary firms must be registered with us.</p>	<ul style="list-style-type: none"> <li>• Borrowers who are seeking to let their property.</li> <li>• Borrowers who are looking for the flexibility of a variable rate with no early repayment penalties.</li> <li>• Borrowers who are looking for short term fixed rate product terms</li> <li>• Credit impaired borrowers</li> </ul>

### 3. Customers with characteristics of vulnerability

Our mortgage products are designed for the target market, this includes individuals with characteristics of vulnerability, or those who may experience vulnerability at some point during the lifetime of their mortgage. These customers are especially susceptible to harm, and they may require additional support to help them manage their mortgage.

We use the FCA's four drivers of vulnerability (Health, Life Events, Resilience, and Capability) to help identify where customers can experience harm when interacting with their mortgage. This approach assists product and policy development to support our vulnerable customers during their time of need.

We are continually developing our framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate knowledge and skills to recognise and respond to the needs of vulnerable customers.
- Distributing via mortgage intermediaries, who are specialists at understanding customer needs and circumstances, providing suitable advice for vulnerable customers, for example first time buyers with low financial capability.
- Credit risk policies with expert underwriting are designed to assess financial circumstances at the point of application and ensure that lending is responsible and affordable for the applicant.
- Suitable customer service provision and communications, including specialist servicing for customers most at risk of harm due to their vulnerable circumstances (for example when suffering a bereavement or divorce).
- Our collections team working collaboratively with customers if they become financially vulnerable and cannot afford to meet their mortgage repayments.
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

Intermediaries should continue to comply with their regulatory 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.

#### 4. 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 our Executive Management 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 features that our mortgage products provide, the level of customer service that is provided and any other features that the products may offer, such as enhanced affordability due to payment certainty.	The interest rates, fees and charges customers pay or may pay for the product, comparable market rates and the fair return for investors funding the products.	The cost of originating and servicing the product.	Any limitations on the scope and service we provide or the features of the product. No specific limitations were identified.

#### Result of our assessment

Our assessment concluded that our mortgage products deliver fair value for customers in our target market.