



Product name: Residential Income Flex

Information sheet produced: 31 July 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 'Income Flex' 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, applicants wishing to purchase a home for them to reside in either as a new purchase, (including first time buyers) or remortgage, and older applicants who meet our standard later life criteria. The product features and criteria are designed to support these needs.

1. Fixed & Variable rates of interest
2. Interest is calculated on a daily basis
3. Variable rates have a floor
4. Can be set up as a joint borrower/sole proprietor ownership arrangement
5. Can be set up with a tailored term (split term) where the advance has two different term lengths to support affordability
6. Overpayment allowance of 10% of the prevailing balance per annum
7. Free valuation where the property value is £1 million or below, or a subsidised fee above £1m
8. Product is portable
9. Higher lending charge (where applicable) is paid by the Society

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10. Available on interest only up to 70% LTV where the repayment vehicle is sale of another property, or 60% LTV if the repayment vehicle is sale of the applicants' provided downsizing is credible in the area.
11. £250 cashback for remortgage applications where the Fasttrack remortgage service is not used.
12. Maximum Loan £400,000 at 90% LTV
13. Maximum Loan £450,000 at 85% LTV
14. Applicants with variable, multiple sources or unguaranteed income
15. Applicants who have unearned income alongside earned income, some of which they need to be considered
16. CIS/day rate and fixed-term or short-term contractors
17. Limited Company owners who require profit to be considered alongside salary
18. Applicants in a probationary period
19. Self-employed applicants with only 1 year of accounts
20. Sports professionals
21. Applicants paid via an Umbrella Company
22. Acceptance of up to any two non-standard income sources with a maximum LTI of 4.49 times qualifying income
23. Increased maximum loan size for doctors, dentists, barristers, solicitors and accountants
24. Max LTI @ 5.5x qualifying standard income compared to usual max of 4.49x qualifying income

Full eligibility criteria can be accessed on our intermediary website via this link: [Residential Criteria - HRBS - Intermediaries](#).

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
Purchasers (inc first time buyers) & remortgage applicants meeting our Income Flex criteria	Available through Direct and Intermediary Channels Applications are through advised sales	<ul style="list-style-type: none"> • Access to LTV range up to 90% LTV lending • Access to enhanced LTI lending and/or variable, multiple sources or unguaranteed income as listed above • Option for repaying the capital over the term or at the end of the term using an accepted repayment vehicle

The Product is not designed for customers who:

- Do not intend to live in the property
- Do not meet our standard credit profile lending criteria
- Wish to purchase a property not of standard construction
- Wish to purchase a property outside of England or Wales
- Wish to borrow over 90% LTV to purchase a new build house or flat
- Do not or will not have buildings insurance in place from time of completion
- Wish to borrow all or part of the loan on an interest only basis, but wish to repay the borrowing utilising a repayment strategy which is not selling the mortgaged property or another property they own
- Require a Loan to Income ratio above x4.49, unless income sources meet standard product terms, for which the Loan to Income ratio cannot go above x5.5

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4. Customers with characteristics of vulnerability

The Product is designed for house purchase and remortgage customers who do not meet our standard criteria, this group may be more likely to experience vulnerabilities relating to income shock with sudden changes or inconsistencies to their income where income is not guaranteed or who have not been in their employment or self-employment for long periods or who are part of the gig economy. But all customers may experience other vulnerability over time where an unanticipated life event occurs.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market 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 and respond to the needs of vulnerable customers.
- Suitable customer service provision and communications.
- Flexible policies, where appropriate, to support vulnerable members
- 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.

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 Product, Pricing and 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 individual underwriting and level of customer service that is provided and 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

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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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