

## Scottish Building Society

**Product name:** Holiday Let Mortgages

**Information sheet produced:** 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 Holiday Let product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The distribution strategy remains appropriate for the target market.
- Our Holiday Let product range provides fair value to customers in the target market.

#### **2. Product characteristics & benefits**

Our Holiday Let products are available to customers who are buying a new residential holiday let or want to remortgage existing holiday accommodation.

The product features and criteria are designed to support these needs, including but not limited to:

- Fixed and/or Discount Variable Rate products
- Available in Scotland & North England
- Fee free overpayment allowance of 10% per annum, where ERCs apply
- Available on new and existing properties
- Only 1 Holiday Let property allowable
- Airbnb accepted
- Min loan value £50k, Max loan value £350k
- Suitable building insurance is required relative to the intended use of the property
- Remortgages: Free standard valuation

- Remortgages: Free standard legals in Scotland. £250 legal fee contribution in England
- Max LTV is 80%. Interest Only is available to 75% LTV with sale of property acceptable as the repayment vehicle
- The maximum age at the end of the mortgage term is normally 85
- Min mortgage term is 5 years, Max term is 40 years

Holiday Let mortgage product and eligibility criteria can be accessed on our intermediary website [here](#)

### 3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for Holiday Let mortgage products, 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
Customers buying a new residential holiday let or want to remortgage existing holiday accommodation in Scotland and North England.	Available through Direct and Intermediary channels.  All sales are conducted on an advised basis.	<ul style="list-style-type: none"> <li>• Purchase or remortgage a holiday let property which may include personal occupation</li> </ul>
<p>*Intermediary distribution through:</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 intermediaries must be registered with SBS.</p>		

A Holiday Let mortgage product **may not** be designed for customers who:

- Do not have earned income of at least £40,000 or in the case of joint applicants, £60,000 jointly where no one applicant earns £40,000.
- Are looking to borrow greater than 80% of the property's valuation.
- Do not meet our lending or property criteria.
- Could face affordability concerns through rising interest rates, or non-sustainability of income.
- If looking to mortgage the property within the Edinburgh Council area and have not been operating the property without planning permission for at least 10 years and are unable to obtain planning permission.
- Are planning to let the property for more than 30 days at a time.
- Cannot evidence appropriate buildings insurance.

- Would benefit from a product without any Early Repayment Charges

#### 4. Customers with characteristics of vulnerability

Our Holiday Let products are designed for borrowers aged 18 or over.

These customers typically have a lower likelihood of including some vulnerability characteristics however, we have dutifully considered the needs, characteristics, and objectives of Holiday Let customers with characteristics of vulnerability at all stages of the design process.

Holiday Let customers may not understand there is a more limited mortgage market versus standard residential mortgages and the potentially limited product choices made available to them.

Our Holiday Let product range is frequently assessed to ensure it continues to meet the identified needs, characteristics, and objectives of the target market and are operating in the way the Society intended.

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 available to support customers either directly or via Broker.
- 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.

If you believe an SBS product is causing harm to those with vulnerabilities or otherwise delivering poor customer outcomes, please notify us via [BDM@scotbs.co.uk](mailto:BDM@scotbs.co.uk)

Please contact us if you need any further information about how we support the needs of all our customers in relation to our Holiday Let product range. Help and support is available via [ScottishIntermediaries@ScotBS.co.uk](mailto:ScottishIntermediaries@ScotBS.co.uk) or directly via your BDM, whose contact details can be found [here](#)

#### 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 our Professional products deliver fair value for customers.

The outcomes of the assessment process have been presented to Operational Risk Committee, allowing for challenge and further investigation before the process was officially agreed.

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 our Holiday Let products deliver fair value for customers for the target market.