

Scottish Building Society

Product name: Prime Residential 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 Prime Residential 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 Prime Residential product range provides fair value to customers in the target market.

2. Product characteristics & benefits

Our Prime Residential products are intended for applicants looking to purchase or remortgage their property in Scotland and/or the North of England.

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

- Fixed and/or Discount Variable Rate products
- Repayment Options: Capital & Interest and Interest Only (max 75% LTV)
- Available in Scotland & North England
- Fee free overpayment allowance of 10% per annum, where ERCs apply
- Min age is 18 years. Max age at the end of the mortgage term is normally 85
- Min loan value £30k, Max loan value £1m
- Free standard valuation for remortgages
- £250 legal fee contribution for remortgages. Free basic legals available in Scotland.

- Min mortgage term is 5 years, Max term is 40 years
- Guarantor mortgages are available, please refer to the Guarantor Template for further information

Prime Residential Mortgages	
Max Loan Amount	Max Loan to Value
£400,000	90%
£600,000	80%
£800,000	70%
£1,000,000	60%

*Interest Only repayment option is available to 75% LTV, max loan size of £350k

Prime Residential 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 Prime Residential 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, remortgaging or raising additional capital in Scotland and/or North England.	Available through Direct and Intermediary channels. All sales are conducted on an advised basis.	<ul style="list-style-type: none"> • Purchase/Remortgage of a residential property • Remortgage to raise additional funds for home improvements, debt consolidation, divorce settlements or deposits for other properties (LTV restrictions may apply).
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> • Networks and their Appointed Representatives. • Mortgage clubs. • Directly authorised mortgage intermediaries. <p>All intermediaries must be registered with SBS.</p>		

A Prime Residential mortgage product **may not** be designed for customers who:

- Are looking to borrow greater than 90% of the property's current market valuation
- Do not meet our lending or property criteria
- Are not looking to purchase the property for their own main residence
- Could face affordability concerns through rising interest rates, or non-sustainability of income

- Anticipate a change in personal circumstances, resulting in the mortgage and equity loan/loan payments (if applicable) becoming unaffordable
- Anticipate a change in personal circumstances leading to a failure to adhere to the product T&Cs
- Would benefit from a product without any Early Repayment Charges
- Would be better suited to another mortgage product from within our range

4. Customers with characteristics of vulnerability

Our Prime Residential products are designed for borrowers aged 18 or over. Customers looking for a Prime Residential product will have a varied understanding of the mortgage market and the product choices made available to them. Due to the volume of Prime Residential applicants, it is expected that numerous customers will include some vulnerability characteristics.

The Society's flexible underwriting ensures that all applications are assessed on an individual basis. This additional layer of manual review allows further opportunity to identify any customer vulnerability prior to completion.

The Society has dutifully considered the needs, characteristics, and objectives of Prime Residential customers with characteristics of vulnerability at all stages of the design process.

Our Prime Residential mortgages are 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

Please contact us if you need any further information about how we support the needs of all our customers in relation to our Prime Residential product range. Help and support is available via 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 Prime Residential 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 Prime Residential products deliver fair value for customers for the target market.