

## Scottish Building Society

**Product name:** Shared Ownership and Assisted House Purchase (SOAHP) 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 SOAHP 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 SOAHP product range provides fair value to customers in the target market.

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

Our SOAHP products are intended to help those on low and moderate incomes achieve home ownership via their participation in a certain assisted house purchase scheme.

The Society currently accepts applications under the following schemes:

- Low-cost Initiative for First-Time Buyers (LIFT) \*Scotland Only
  - New Supply Shared Equity Scheme (NSSE) \*Scotland Only
  - Open Market Shared Equity Scheme (OMSE) \*Scotland Only
- Forces Help to Buy (FHTB)
- UK Government Right to Buy Scheme

\*Scottish Government Schemes

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

- The Society's residential product range
- Fixed and/or Discount Variable Rate products

- 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.
- Max LTV is 95% for LIFT\*, 100% for Right to Buy\* and 80% FHTB.

\*if this does not exceed 80% of market value.

- Interest Only is available to 75% LTV
- Min mortgage term is 5 years, Max term is 40 years

SOAHP mortgage product and eligibility criteria is available via [ScottishIntermediaries@ScotBS.co.uk](mailto:ScottishIntermediaries@ScotBS.co.uk) or directly via your BDM, whose contact details can be found [here](#)

### Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for SOAHP 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 on low/moderate incomes looking to buy a home via participation in an assisted house purchase scheme.	Available through Direct and Intermediary channels.  All sales are conducted on an advised basis.	<ul style="list-style-type: none"> <li>• Purchase of a residential property</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 SOAHP mortgage product **may not** be designed for customers who:

- Are looking to borrow greater than 80% 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.
- Would benefit from a product without any Early Repayment Charges

### 3. Customers with characteristics of vulnerability

Our SOAHP products are designed for borrowers aged 18 or over. Customers looking for a SOAHP products may be less likely to understand the mortgage market and the product choices made available. Due to the nature of these products, it is also expected that these customers have a higher likelihood of including some vulnerability characteristics.

The Society requires SOAHP applicants to follow a process with their local authority/Scheme Administrator/MOD to ensure that the particular scheme is suitable for their needs.

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

Our SOAHP 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](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 SOAHP 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](#)

### 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 our SOAHP 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 SOAHP products deliver fair value for customers for the target market.