

VALUE ASSESSMENT

NAME OF PRODUCT / SERVICE:	Sub-Prime / Specialist Mortgage Packaging
ASSESSMENT REASON:	Review
REVIEWER NAME:	Steve Burch - Group Head of Compliance

SERVICE DESCRIPTION

A non-regulated activity assisting brokers in finding regulated and non-regulated products for their clients.

Research using a sourcing system and / or exploring bespoke options with our lending panel producing lender AIP / illustration / ESIS and document requirements.

Assessing application documentation and obtaining supporting items (such as valuations, consents, credit searches) prior to lender submission.

Providing and responding to lender updates pre-offer, providing and responding to lender updates post-offer.

Providing and responding to lender updates pre-completion, liaising with lenders and all party's solicitor's pre-completion.

TARGET MARKET

Networks, Brokers, and Introducers looking to obtain specialist solutions for their clients who are seeking; residential mortgages, BTL mortgages, second charge mortgages, bridging or development finance, commercial mortgages, asset finance or consumer finance who have been refused by mainstream lenders, or have limited options within the mainstream market.

LIMITATIONS

This service is not available for direct clients. Clients who have no adverse credit history or will meet mainstream lenders requirements. We have no access to direct to customer rates. Individuals whose circumstances may still prevent a solution, even in the specialist market. Clients that fall below the expected minimum equity amount, e.g., with an LTV of 90% or higher may be excluded from most lenders. Clients who do not meet the lending criteria of any of our panel of lenders. Clients who are unable to demonstrate they have the means to comfortably repay any proposed loan. Clients who have been convicted or suspected of fraud or fail AML verification checks. Clients who are foreign nationals domiciled outside of the UK and are not a Director of a UK Ltd Company.

REMUNERATION

- Application Fee – non-refundable.
- Advice fee – due on offer, payable upon completion or following cancellation post offer.
- Procuration fee – commission received from lender.

Our assessment of our service charges within the distribution chain are deemed to offer fair value for the service and benefits we can provide.

MARKET RESEARCH WHEN DESIGNING SERVICE

Our service is not significantly higher or lower in price than other comparative services offered in our market. However, we are highly experienced in the provision of this service and are able on some occasions to attract exclusive and semi-exclusive products, and access to lenders and products unavailable if attempted to access them directly. We can offer dedicated or in-house lender underwriters in some instances, which can speed up SLA's. Our service also provides initial product sourcing, document checking, lender case submission, lender updates, and post offer liaison with lender and solicitors.

We have assessed our competitors and sought feedback from our introducers and lenders across all lending disciplines that are captured by the Duty and are satisfied our service is fit for purpose.

VALUE/BENEFITS

- Access to dedicated specialist consultants and an experienced case management Team.
- Action to sourcing systems and specialist lenders allowing comparison of a wide number of deals.
- In-depth knowledge and experience of sub-prime and specialist mortgage market.
- High quality customer service - Trustpilot review rated excellent.
- Direct access to consultants, enhanced CRM systems showing case milestones and updates).
- Access to webinars and CPD accredited seminars – assistance with criteria and research, access to training and events to enhance and maintain knowledge on market developments.
- Ensuring quality applications are submitted to lenders, and therefore avoiding issues with poorly presented or packaged applications.
- Access to third party professional support, e.g., surveyors, solicitors, conveyancers, independent legal advisers.
- Ability to assess and apply lender target market considerations to an applicant's needs and circumstances.
- Experts in lender criteria and bad credit implications on initial assessment and throughout the application process.
- Close relationships with lenders underwriters so that applications can be considered on a bespoke basis.
- Access to National Account Managers.

BEHAVIOURAL BIASES PRESENT

None – we act in accordance with an advising Brokers instruction for a client's respective requirements in this area. If anomalies are identified over the suitability of these provisions, we will feed back to the broker to discuss with their client accordingly.

CHARACTERISTICS OF VULNERABILITY

We will adapt our service according to the needs of our customers. Situations where a vulnerability may compromise the value of the service we offer may be:

language barriers, first time buyer with less financial experience and resilience when compared to other mortgage borrowers; low level of financial sophistication or mental capacity issues.

We will give additional advice and support to ensure they understand the information being presented to them and the implications of the arrangement they are entering into to reduce the risk of harm occurring. We will also offer additional communication channels to meet the needs of the individual and signpost for additional assistance from external sources if deemed to be necessary.

In the sub-prime sector, clients may also display the following behaviours:

- Lack of knowledge and experience (low level of financial sophistication).
- Clients may have defaulted in the past and/or still have evidence of credit issues.
- As the customers will have historic adverse credit, they may potentially have low financial resilience, even though they may have improved their position since the historic adverse.
- The historical adverse could also indicate lower capability.
- There is a risk the introducing adviser automatically matches the client to a sub-prime lender rather than still searching whether a mainstream lender would accept the case.

The ways the firm mitigates against this risk:

- Application of cheapest suitable mortgage rule (via sourcing systems).
- Consider underwriting criteria of all lenders.
- Credit file to be obtained as part of their advice process before sourcing the mortgage.
- File reviews / systems and controls / KPIs.
- Advice will be given to the client if we believe alternative mainstream options should also be considered.
- We would seek permission to share vulnerability issues with proposed lenders if deemed appropriate.

CONCLUSION:	Our service does provide fair value
ACTIONS REQUIRED:	None
NEXT REVIEW DATE:	04/07/2025 or earlier if external factors dictate this