

## Consumer Duty Information Sheet

### First Charge - Residential Mortgage Range

April 2024

#### **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 First Charge 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; and
- 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 product is designed to meet the needs of the target group being, homeowners resident in England, Wales, Scotland or Northern Ireland, who have equity in their residential property, who may have an imperfect credit history and who have a borrowing need.

The product features and criteria are designed to support these needs.

##### **Key product characteristics**

- First charge available on unencumbered property only;
- Mortgage loan sizes available between £10,000 and £250,000;
- Loan to value up to 80%;
- Mortgage Terms available from 3 to 25 years;
- Fixed and variable rates available;
- Capital repayment mortgage;
- Unlimited overpayments allowed; and
- Product Fees can be paid up front or added to the mortgage.

Full eligibility criteria can be requested from your Business Development Manager or accessed via our intermediary portal at <https://ctip.centraltrust.co.uk/SecondMortgage/Account/Login>

### 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
Customers with an imperfect credit profile that may have been declined by High street lenders.	Available through Direct and Intermediary* channels.  *Intermediary distribution via: <ul style="list-style-type: none"> <li>▪ Directly Authorised Brokers/Intermediaries</li> <li>▪ Networks</li> <li>▪ Mortgage Clubs</li> </ul> All Intermediaries must be accredited with Central Trust Limited  All applications on a fully advised basis only.	Access to finance that is not based on their credit score.
Customers who wish to consolidate other credit into one affordable more manageable payment.		Looking to repair their credit file to enable them to have the ability to borrow from a High street lender in the future.
Customers looking to complete home improvements.		Consolidation of other secured and unsecured credit into a more manageable monthly payment, reducing their monthly outlay.
Customers looking to make a significant purchase.		Wide range of Loan size available – required loan size may not be available via an unsecured product.
Customer looking to fund a life event.		Longer term required than unsecured products may allow.

The Product is not designed for customers who:

- Are not currently homeowners
- Already have a mortgage on their property
- Have no or little equity in their property
- Are severely credit impaired even if they have the ability to pay
- Do not meet our lending or property criteria
- Require an interest only or part and part mortgage

#### 4. **Customers with characteristics of vulnerability**

The Product is designed for customers who have a need for finance which will be secured on their home, this may include customers with characteristics of vulnerability or those who may experience vulnerability at some point during the lifetime of their mortgage.

CTL is mindful of the FCA's four key drivers of vulnerability, being Health, Life Events, Resilience and Capability and CTL uses these to help identify customers who may show one or more of these characteristics.

Customer vulnerability can be permanent or temporary and cover a wide range of challenging personal circumstances. These customers are especially susceptible to harm, and may require additional help and support in managing their mortgage. Customers with certain disabilities may have reasonable adjustments made and experience a different process, but will not receive a different outcome to others within the target market.

We are continually developing our framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and knowledge to recognise and respond to the needs of vulnerable customers.
- Dedicated collections specialists that work collaboratively with vulnerable customers.
- Suitable customer service provision and communications.
- Credit risk policies designed to assess existing financial circumstances at the point of application and ensure that lending is affordable for the applicant.
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.

Intermediaries should continue to comply with their obligations to ensure that they 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 Board, 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 mortgage product provides, the quality of the mortgage 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, intermediary 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 the Product continues to deliver fair value for customers in the target market for the Product.