

Product name: Non Teacher Homemover Discounted Variable Rate Standard Product Range

Information sheet produced: April 23

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 Non Teacher Homemover Discounted Variable Rate Standard 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.
- 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 products are designed to meet the needs of the target group. The product features and criteria are designed to support these needs.

- Discounted variable rate products.
- Mortgage term up to 40 years.
- Available on new (up to 90% LTV) and existing (up to 95% LTV) homes.
- Maximum lending size:

LTV	5 x LTI	4 x LTI
0-80	£1,500k	n/a
80.01-90	£450k	£500k

90.01-95	£350k	£400k
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- Minimum loan size: new advance £20k; further advance £5k.
- Fee free standard valuation (first) for properties worth less than £800,000.
- Support for government & industry led affordable housing schemes.
- Family support options (joint borrower sole proprietor).
- All cases are manually underwritten which might improve the chances of getting a home loan if your client has a unique or more complicated financial situation.

Full eligibility criteria can be accessed on our intermediary website:

<https://www.teachersbuildingsociety.co.uk/intermediaries/standard-mortgages/lending-criteria>

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
Non Teacher Homeovers looking to change residence in the UK.	Available through Direct (advised sale) and Intermediary* channels.	<ul style="list-style-type: none"> • Access to high LTV lending. • Access to high LTI lending. • To repay the capital by the end of the mortgage term. • Change residence in the UK. • Have a preference for discounted variable rate mortgages over fixed rates because they value minimising (or having the potential to minimise) their monthly payments more than having certainty of the stability of those payments. • Are aware that the payments may fluctuate with interest rate changes and have sufficient disposable income to afford an increase in payment in the event of interest rate rises.

		<ul style="list-style-type: none"> • Wish to maintain the discount over a short to medium term horizon (up to 2 years). • May be willing to be tied in for a set period to secure the discounted rate in question.
<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 us.</p>		

The Product is not designed for customers who:

- Are teachers.
- Are purchasing a property to let.
- Are credit impaired borrowers.
- Require an interest-only or part & part mortgage.
- Do not meet our lending or property criteria.
- Have as their main priority stable mortgage payments. While affordability is a criteria for all consumers, financial stretch is potentially an issue of particular concern in relation to consumers to whom these products have an appeal.
- Customers who require a longer product term (2 years +) or lifetime product.
- Customers who feel they have a need to maintain flexibility of redeeming the mortgage (where there is an ERC).

4. Customers with characteristics of vulnerability

Non teacher home movers could be employed throughout a variety of sectors, including those where employees are more susceptible to job losses, meaning they could find themselves ‘vulnerable’ from a career perspective. Equally, this group may change employers and sectors more frequently than their teacher counterparts in pursuit of better opportunities, leading to work related mental health conditions associated with change and promotion.

Additionally, ‘vulnerability’ could be driven by a life event (parenthood, bereavement, change, relocation) or new health condition (mental or physical).

Those for whom a degree of take home salary is made up of bonuses/ commission based pay could also experience vulnerability arising from financial resilience where there are pay related fluctuations.

4.1 Life events

A bereavement, change in relationship status or parenthood are all life events which could push borrowers into a 'vulnerable' status due to impacts on their financial and emotional wellbeing. In particular borrowers without an extended network of familial support may be at increased risk of financial difficulty if they become parents.

Career related life events including redundancy, promotion, change of industry or moving from full-time to part time are also factors that could trigger vulnerability.

4.2 Health

Mental health issues caused by workplace stress are not exclusive to the education sector, with over half of UK workers reporting they feel stressed at work. The ONS reports that on average workers missed 4.6 working days a year due to sickness, with musculo-skeletal and mental health conditions being two of the major causes outside of minor ailments.

4.3 Resilience

In contrast to teachers whose income and career progression is stable, non-teachers do not always have access to the same growth path. Many will experience the same relatively low income in a high inflationary period and also find their disposable income is very low. Coupled with other typical debts those in 'professional' jobs experience including student loans, cars and mortgage payments (typical for all professionals) there is a risk of outgoings exceeding income, amplified for those that are single or who are in single income families, and/or supporting children. Moving home, which traditionally includes a larger property and increased outgoing will amplify the risk further.

Resilience could also be an issue for those employed in jobs where there isn't a flat rate of pay – where bonus, commission or tips make up a proportion of their earnings and could therefore fluctuate based on factors outside the borrower's control.

4.4 Capability

The risk of vulnerability will decrease for home movers as they will have had chance to learn to manage a household budget in their initial property, however could remain a factor for any that are taking on a more challenging property or one requiring greater maintenance.

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.
- A customer service provision that ensures our vulnerable customers experience as good an outcome as other customers.
- Continual monitoring to ensure we meet and respond to the needs of customers with characteristics of vulnerability. We make suitable adjustments when their needs change.
- A flexible approach wherever possible, to ensure we support our vulnerable customers with sensitivity
- A robust testing and feedback framework to ensure our communication is effective and understood and takes into consideration the needs of vulnerable customers.

Intermediaries should continue to comply with your obligations to ensure that you 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 Executive Committee, 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
<ul style="list-style-type: none"> - Supports moving home through access to: - Higher LTV lending. - Higher LTI lending. - All cases are manually underwritten which might improve the chances at getting a home loan if your client has a unique or 	<ul style="list-style-type: none"> - We regularly review products and update our pricing to ensure that we offer fair value. - We develop a price to cover the costs and risks associated with this type of lending and deliver an appropriate return commensurate with 	<ul style="list-style-type: none"> - The fee structure is transparent and the size limited to £999 (currently £0. - It is refunded to the customer if the application is declined if the case meets the bare eligibility requirements but nevertheless the underwriter feels the 	<ul style="list-style-type: none"> - The only restrictions that these products may have will be the 3% ERC. Where applicable, this is considered fair because: - up to 10% of the balance

<p>more complicated financial situation.</p>	<p>our position as a mutual. Any resulting price is then compared to similar criteria offered to the target market. We only offer the price if it is competitive. The price, therefore, contributes to fair value for the borrower by enabling borrowers to select a competitively priced product compared to other products with similar lending criteria.</p>	<p>case should be declined.</p> <ul style="list-style-type: none"> - If the loan is redeemed or capital repayments in excess of 10% of the loan per calendar year are made during the product term, an early Redemption Charge (ERC) of 3% of amount repaid is applicable. - A valuation fee is payable for all properties worth £800,000 or more. - TBS paid an average broker procurement fee of £907 (TBS Mortgage Completions April 2022 to March 2023). - Our brokers were paid an average £271 by their clients (TBS Standard Mortgage Completions Jan to March 2023). 	<p>can be repaid without the ERC applying.</p> <ul style="list-style-type: none"> - it represents a reasonable assessment of the lost costs associated with the marketing and acquisition of the mortgage, averaged over the mortgage book.
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Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.