

**Product name:** Regulated Bridging  
**Information sheet produced:** 01/05/2023 v1.15

## **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 to support you to comply with your responsibilities for Fair Value Assessment. 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.**

### **Summary of our assessment**

We have assessed that:

- Our Regulated Bridging Mortgage Products continue 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)

### **Product characteristics & benefits**

The Products are designed to meet the needs of the target group, most notably the need to secure a Regulated Bridge Product. The Product features and criteria are designed to support these needs.

This includes:

- Purchase of a new property whilst selling an existing property.
- Raising funds for personal or business purposes on a first charge basis
- Raising funds for personal use on a second charge basis
- Raising funds on an existing property for light refurbishments to their home.
- Restructuring a property portfolio or releasing capital for other investments.
- Where the time scale for the transaction do not allow for a standard term mortgage to be obtained (e.g. auction purchase, contractual completions due).
- Use of multiple securities can be accepted.
- Interest rate fixed for the term.
- No monthly payments required. Monthly interest retained up to the end of the term.
- No Early Redemption Charge after the 3 months.

### **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:**

The target market is for customers who want to raise short term funding secured against their personal Residence.

### Distribution Strategy:

FCA Directly Authorised Intermediary and Appointed Representatives only.

### Customer needs & objectives:

- To support customers seeking to complete quickly.
- To purchase a property at auction with the intention to live there.
- To support customers not wanting to commit to additional monthly payments before exiting the bridge.
- To raise funds for home improvements
- To provide funds for small development projects

### These products are not designed for customers who:

- Want a Bridging Mortgage for longer than 12 months
- Want to use an unregulated asset(s) as the security unless it is as additional security
- Want to repay the loan via monthly repayments
- Want to repay the loan within 3 month
- Have severe adverse credit history
- Want to use the Bridging Mortgage to credit repair
- Have a speculative exit strategy
- Do not have the means to repay the loan in full at the end of the term

### Customers with characteristics of vulnerability

The Products are designed for the Regulated Bridging sector which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time. Some customer cohorts, such as first time Bridging customer's, are less likely to have a detailed understanding of a Bridging Product or the wider mortgage market. They therefore may require additional support and advice to ensure that they understand the information being presented to them and the implications of the arrangements they are entering into to reduce the risk of harm occurring. All Bridging customers in addition to the regulated advice received must receive independent legal advice.

In addition some cohorts of customer who are consolidating secured and unsecured debt may currently be suffering emotional stress as a result of the debts they currently have as a result of limited financial resilience. Such customers may require additional support and sign posting to ensure that they fully understand the information being presented and the risks associated to transfer unsecured debt to their homes.

We have reviewed the Products to assess whether they will meet the identified needs, characteristics and objectives of the customers in the target market who have vulnerability characteristics.

We have in place a vulnerability 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
- Vulnerable customer Champions to ensure that best practice is shared across Alternative Bridging
- Suitable customer service provision and communications
- Flexible policies, where appropriate, to support vulnerable members
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability

Intermediaries should continue to comply with the obligations to ensure that customers in vulnerable circumstances are treated fairly. This includes informing Alternative Bridging, where consent has been obtained, of any customer vulnerabilities identified during the sales process. Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

### Value Assessment

The outcomes of the assessment process are presented to the Management Committee, allowing for discussion and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

#### Benefits:

- No monthly payments required. Interest calculated monthly and payable from the funds retained.
- Interest rate fixed for term.
- No early repayment charges (3 month minimum interest).
- Purchase a new property pending the sale or marketing of an existing property.
- Complete home improvement projects.
- Complete small development projects
- Achieve their short term financial objectives

#### Price:

In addition to their own view of cost/benefit to customers, Alternative Bridging have benchmarked the price of the Products by external tools and resources and deem them appropriate for the target market.

#### Costs:

Alternative Bridging has taken all the relevant costs into considerations and deem them fair value.

#### Limitations:

All regulated bridging Products contain the following limitations:

- The Bridging loan must be repaid within 12 months.
- Serviced loan is not available.
- The Bridging Loan is not portable to another property

### Results of our assessment

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