



**Product name: Self-Build**

**Information sheet produced: May 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 Self-Build and Renovation 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 need to secure finance on a Residential Self-Build Property for owner occupation. The product features and criteria are designed to support these needs.

- The products provide a variable rate of interest that is controlled by us (The Stafford Building Society) meaning that the rate may go up as well as down
- Interest is calculated on a daily basis
- Variable rates have a floor
- The products may offer an initial discount for a period of time, after any initial discount period, the products will revert to our Standard Variable Rate for the remaining term of the mortgage unless an alternative product is selected
- The products may require the payment of a product fee on application or completion, and an Early Repayment Charge if the borrower redeems the mortgage during any initial specified period. The products may allow repayment of a percentage of the capital balance annually without incurring Early Repayment Charges
- Interest Only (Subject to criteria)
- Manual underwriting with applications assessed on a case by case basis
- Dedicated underwriting support
- Interest is calculated on a daily basis
- For some products, the Society will make a contribution of up to £1500 for the Build Out Additional Security Fee.
- Availability for purchase of land to build a residential property for owner occupation;

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- Available for renovation of an existing property for residential owner occupation purposes;
- Available for conversion of an existing structure for residential owner occupier purposes;
- Valuation Fee (as per fees schedule) for the initial purchase, re-valuation fees during the build;
- Properties in England & Wales only;

Full eligibility criteria can be accessed on our intermediary website via <https://srbs.co.uk/intermediaries/criteria> link.

### 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
Purchase and remortgage applicants looking to self-build, renovate or convert a property to be their main residential home	Available through selected Intermediaries  All applications through advised sale only.	For customers who have chosen to build their own property for owner occupation. <ul style="list-style-type: none"> <li>• To access funds on an arrears stage payment basis;</li> <li>• Stage releases not subject to valuations during the build, to remove the risk of the client receiving less than they expect or need;</li> <li>• Funds released on completion of each stage of work;</li> <li>• Where the final LTV is 80% or less;</li> <li>• Maximum loan £2m;</li> <li>• To repay the capital at the end of the mortgage term (repayment basis option);</li> <li>• To reduce the monthly payment (interest only option), for the duration of the build only – subject to a maximum of 2 years from inception of the loan;</li> <li>• Borrowers who are seeking flexibility of a variable rate.</li> </ul>

The Product is not designed for customers who:

- Are purchasing a fully completed residential property;
- Require stage releases in advance of completion of the works
- Require a fixed monthly mortgage repayment;
- Are credit impaired borrowers;
- Are purchasing a property to let;
- Do not meet our lending or property criteria;
- Do not meet our lending policy;
- Wish to purchase or remortgage a property outside of England or Wales

#### 4. Customers with characteristics of vulnerability

The Society categorises Vulnerabilities as shown below:-

**Health** – Health conditions or illnesses that affect ability to carry out day to day tasks;

**Life Events** – Life events such as bereavement, job loss or relationship breakdown;

**Resilience** – Low ability to withstand financial or emotional shocks;

**Capability** – Low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy, or digital skills.

The Product is designed for the Self-Build market segment which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Self-Build customers could be less likely to have a comprehensive understanding of the implications of the Self-Build mortgage. They may require 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.

Self-Build customers may also include First Time Buyers, who by their nature would also be less likely to have a comprehensive understanding of the implications of both the Self-Build Scheme, and also of entering into the financial commitment of a first mortgage.

Self-Build mortgage customers may also include borrowers who are retired, who by their nature may also be less likely to have a comprehensive understanding of the product and may have characteristics of vulnerability which could include health, resilience, and capability.

Self-Build mortgage customers may also include borrowers whose mortgage term will extend past their defined national retirement age, which may lead to characteristics of vulnerability which could include health, resilience, and capability.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

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;
- 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 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 Product Development 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
The range of features that the Product provides, the quality of the product, the individual underwriting and level of customer service that is provided and 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.	<p>The Society has considered the following as part of our Fair Value Assessment</p> <p>Cost of funding.</p> <p>Market Rates and charges for comparable products.</p> <p>Other costs incurred by the Society in manufacturing or distributing the product including credit risk.</p>	Any limitations on the scope and service we provide or 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.