



Variable Rate Residential Mortgage Product Range

Information sheet produced: April 2023

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of our Variable Rate Residential Mortgage Product Range

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 **Variable Rate Residential Mortgage** 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

Our Variable Rate Residential Mortgage products are designed to meet the needs of customers who are looking to borrow money towards the purchase or remortgage of a property for personal residence. The product features and criteria are designed to support these needs.

- Finance the purchase/remortgage of a property for personal residence, for up to 40 years. *
- A tailored and affordable repayment plan.
- Where applicable, cashback on completion.
- Where applicable, free valuation on the property being financed.
- Where applicable, assisted legal fees for remortgage customers.
- Fee free overpayment allowance of 10% per annum, where ERCs apply.
- Customer support through the lifetime of the product.

*Full eligibility criteria can be accessed on our intermediary website via this link: [Criteria | Skipton Building Society for Intermediaries \(skipton-intermediaries.co.uk\)](https://skipton-intermediaries.co.uk)

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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
Property Purchase	Via Intermediaries and Direct	Customer is looking to borrow money towards the purchase of a new property.
Property Remortgage/ Product Switch	Via Intermediaries and Direct	Customer is looking to secure a new deal for a property they currently reside in.

The Product is designed for customers who:

- Reside within the United Kingdom.
- Are over the age of 18 (refer to full criteria for detailed age requirements where applicable).
- Meet Skipton's lending and affordability criteria.
- Property is located in either England, Scotland, or Wales.
- A variable monthly payment is identified as meeting their needs and objectives.
- Understand that at the end of their product term, they switch to a Mortgage Variable Rate (MVR), if no action is taken.

4. Customers with characteristics of vulnerability

The Product is designed for customers for whom a variable rate residential mortgage meets their needs and objectives, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

We recognise that customers may have to manage personal vulnerabilities relating to their mental and physical health; difficult life events; financial resilience; and financial comprehension. In order to cater for these circumstances, we offer a variety of service channels and additional considerations that can be flexible to customer needs. These include but are not limited to: personalised mortgage advice that considers financial situations; forbearance options for customers experiencing affordability issues; and tailored communication methods (e.g. large print/braille).

More information on our approach to supporting all customers, including those with vulnerabilities can be found here: [Supporting Customers | Skipton Building Society for Intermediaries \(skipton-intermediaries.co.uk\)](https://www.skipton-intermediaries.co.uk/Supporting-Customers)

As an intermediary you should continue to comply with your obligation in ensuring the fair treatment of vulnerable customers. It is supremely important that if an intermediary does become aware of a customer vulnerability, then Skipton are made aware of this during the application process, with the customer's consent.

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 key aspects of our business to determine the value of our mortgage products. This analysis is used to ascertain whether the product delivers fair value for customers.

A robust governance structure (as approved via our Executive Committee and Board) has been deployed for approval of our Fair Value assessments.

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Our fair value assessment has considered the following:

Benefits / Features	Price
<p>Product Usage</p> <p>Customers are using our mortgage products as intended, with the relevant features and benefits meeting their needs.</p> <p>Our maturity process has worked as intended and resulted in good outcomes for customers.</p> <p>Product accessibility (ERC/overpayment rules) has worked as intended.</p> <p>Data on early redemptions where customers have paid an ERC does not indicate any areas of concern.</p>	<p>Prices and Costs</p> <p>Our process for reflecting actual trends in our pricing model assumptions is sufficiently robust and flexible to ensure we are correctly factoring in costs and benefits.</p> <p>Early repayment charges (ERCs) are reviewed at least annually and are positioned only to cover our reasonable view of potential costs.</p> <p>Similarly, we have an annual review process for tariff charges linked to administrative actions. These are not specific to mortgage products and are set only to cover exact costs to us for performing those actions.</p> <p>We don't offer any products with conditionality whereby benefits or features are only made available to customers who hold other products in our range.</p>
<p>Customer Service</p> <p>Key evidence that our customer service supports the provision of fair value to customers includes:</p> <p>High customer satisfaction scores for mortgage customers and brokers.</p> <p>Consistently low app-offer turnaround times compared to peers (eBenchmarkers Autumn Report 2022).</p> <p>Consistently low level of complaints.</p> <p>Low call wait times / average speed to answer (ASA) on all mortgage customer journeys, significantly ahead of peers as per eBenchmarkers' analysis.</p> <p>Our people are not incentivised to reduce call handling times, testament to the importance we place on treating customers as individuals and supporting them whatever their needs.</p> <p>Multiple industry awards for service in the last 12 months.</p> <p>Our approach to underwriting and assessing eligibility for mortgages combines technology for straightforward frictionless decision-making, with human touch to help customers with less straightforward needs, meaning we're accessible to more customers.</p> <p>We see no evidence that customers with vulnerabilities are more at risk of poor customer experience.</p> <p>We invest heavily in the ongoing provision of a high standard of customer service, for all customers.</p>	<p>Prices for different customer groups</p> <p>The most significant way we distinguish between groups of customers for mortgage pricing is based on their LTV requirement. This is justifiable as customers with different LTV requirements present different risks to us as a business.</p> <p>Rates available across the market for different LTVs also reflect the relationship of risk, with rates offered closely aligned with LTV.</p> <p>We offer different product fee options, and these are reflected in the rate (i.e. a product with a fee charges a lower rate than an equivalent product with no fee).</p> <p>Customers revert to our MVR after their initial product period. This is a different rate to the product rate, and would typically be higher, reflecting that it has no ERC, along with additional elements of flexibility. Customers are notified of this before product maturity and given options to easily switch onto a new product.</p> <p>We offer switching options for all our maturing customers, including those whose current LTV is higher than our standard maximum LTV.</p>

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Benefits / Features	Price
<p>Customer Communications</p> <p>Fundamentally, we believe our customer communications generally support the provision of fair value for customers, and we have various processes of reviewing and testing this, including useability testing of our website Skipton.co.uk, our Quality Assurance, Compliance and Audit oversight, customer understanding calls and ongoing direct customer survey activity.</p> <p>We are comfortable that the level of complaints specifically relating to customer communications as well as direct customer feedback, in particular the absence of any particular issues being identified, supports our conclusion that our communications are clear and fair. Whilst we have identified some opportunities to further enhance our proposition, there is no outlying evidence to suggest there is any harm to customers.</p> <p>We do not currently have any mortgage products which can be considered complex, and which therefore would require any specific separate assessment from a customer understanding perspective.</p>	<p>Price comparison to competitor's products</p> <p>Our products are competitive in true cost analysis. Our MVR is regularly benchmarked against the market to ensure it remains competitive, demonstrating our consideration for customers who need time to decide on their next financial decision. The competitive position of our MVR is reviewed as part of any rate change decision following base rate movements.</p> <p>Beyond payrate, our products are backed by a comprehensive customer proposition that has been recognised by customers and the industry. Our early repayment charges are benchmarked against peers as part of a regular review process. We can evidence that our service levels for mortgages not only meet high targets across different channels, but also compare favourably with peers. Taking account of both our pricing and our service proposition – we can clearly evidence that our mortgage product proposition relative to peer propositions offers fair value to our customers.</p>

Results of our assessment

Following robust analysis and consideration of data and performance over the past 12 months, we have concluded that our on sale Variable Residential Mortgage products:

- Continue to meet the needs, characteristics, and objectives of customers in the identified target market.
- Provide fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).
- Represent fair value to customers who are looking to finance the purchase or remortgage of a Residential property.
- Continue to have an appropriate intended distribution strategy for the target market.
- Opportunities to continue enhancing our proposition have been identified within the assessment and will be progressed within agreed timescales. We don't anticipate any significant impact upon intermediaries as a direct result of these actions.

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8.30am - 6pm Monday to Thursday, 8.30am - 5.30pm on Friday and 9am - 12pm on Saturday.

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