

# Value Assessment

<b>Name of product / service:</b>	Bridging Finance
<b>Assessment reason:</b>	Review
<b>Reviewer name:</b>	Steve Burch - Group Head of Compliance

## Service description

- An initial meeting / discussion.
- Fact-finding and information gathering.
- Research using a sourcing system and / or market knowledge.
- Full advice and recommendation for MCOB regulated consumers.
- Application / documentation support.
- Arranging valuation (full, desktop or drive by).
- Post offer support – liaising with lender and solicitors until completion.
- Signposting or provision of ancillary products or services connected to the primary borrowing requirement to prevent foreseeable harm.
- Post completion support including contact prior to the expiry of the bridging facility, assisting the client if the intended exit strategy has failed, liaising with the lender to review options available if the exit strategy has failed.

## Target market

New or existing customers looking to obtain bridging finance in the event of chain break, sale and downsize transactions, urgent requirements to raise short term capital, urgent renovations or repairs, auction purchases, home improvements, releasing equity in their property with limited ability to obtain standard term or income assessed mortgages.

Most bridging providers will consider standard and sub-prime clients, the ability to repay a loan is removed due to the interest on these facilities being rolled up and added to the capital borrowed with no requirement to service this or make repayments over the term to reduce the capital.

## Limitations

- Clients who have no feasible means to exit (repay) the bridge without detriment to their home.
- Clients who may be at risk in obtaining a term mortgage to exit (repay) the bridge.
- Clients who are seeking longer term solutions (over 12 months).
- Clients who do not have planning approval to undertake proposed works to their property.
- Clients who are foreign nationals domiciled outside of the UK and are not a Director of a UK Ltd Company.

## Remuneration

- Application Fee – non-refundable.
- Advice fee – due on offer, payable upon completion or following cancellation post offer.
- Procuration fee – commission received from lender.

*Our assessment of our service charges within the distribution chain are deemed to offer fair value for the service and benefits we can provide.*

## Market research when designing service

Our service is not significantly higher or lower in price than other services offered in our market. However, we are highly experienced in the provision of this service and, on some occasions, are able to attract exclusive and semi-exclusive products, and access to lenders and products unavailable if attempted to access them directly.

*We have assessed our competitors and sought feedback from our introducers and lenders across all lending disciplines that are captured by the Duty and are satisfied our service is fit for purpose.*

## Value/benefits

- Independence
- Access to sourcing systems allowing comparison of wide number of deals.
- Research into the cheapest suitable bridging facility and explanation given when not recommended.
- Knowledge and experience of the bridging market.
- High quality customer service – rated excellent on Trustpilot.
- Access to lender support.
- Ensuring quality applications, and therefore avoiding issues with fraud checks and other delays.
- Ability to advise around ancillary services, GI, protection to support mortgage obligations (signposting).
- Explaining the effect and impact of adding mortgage fees to the loan.
- Explaining the effect and impact of when is best or not to pay a product fee.
- Access to third party professional support, e.g., surveyors, solicitors, conveyancers, independent legal advisers.
- Ability to assess and apply lender target market considerations.
- Relationships with lenders underwriters so that applications may be considered on a merit basis.

## Characteristics of vulnerability

We will adapt our service according to the needs of our customers. Situations where a vulnerability may compromise the value of the service we offer may be:

language barriers, first time buyer with less financial experience and resilience when compared to other mortgage borrowers; low level of financial sophistication or mental capacity issues.

We will give 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. We will also offer additional communication channels to meet the needs of the individual and signpost for additional assistance from external sources if deemed to be necessary.

In the sub-prime sector, clients may also display the following behaviours:

- Lack of knowledge and experience (low level of financial sophistication).
- Clients may have defaulted in the past and/or still have evidence of credit issues.
- As the customers will have historic adverse credit, they may potentially have low financial resilience, even though they may have improved their position since the historic adverse.
- The historical adverse could also indicate lower capability.
- There is a risk the introducing adviser automatically matches the client to a sub-prime lender rather than still searching whether a mainstream lender would accept the case.

The ways the firm mitigates against this risk:

- Application of cheapest suitable mortgage rule (via sourcing systems).
- Consider underwriting criteria of all lenders.
- Credit file to be obtained as part of their advice process before sourcing the mortgage.
- File reviews / systems and controls / KPIs.
- Advice will be given to the client if we believe alternative mainstream options should also be considered.
- We would seek permission to share vulnerability issues with proposed lenders if deemed appropriate.

<b>Conclusion:</b>	Our service does provide fair value
<b>Actions required:</b>	None
<b>Next review date:</b>	04/07/2025 or earlier if external factors dictate this