



Barclays Residential Mortgage (BRM) - Capital and Interest

April 2023

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – information for distributors of the product

This summary document is 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.

You are ultimately responsible for meeting your obligations under The Consumer Duty.

This is a confidential business-to-business document and should not be provided to customers.

1. Summary of our assessment

We have assessed that:

- Our **Barclays Residential Mortgage (Capital and Interest)** 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 and benefits

The products are designed to meet the needs of the target group who are purchasing, remortgaging, or rate switching on a residential property for their main residence and wish to repay both interest and capital throughout the term of their mortgage. The product features and criteria are designed to support these needs.

- A mortgage term up to 40 years
- Available on residential purchases, including new builds
- Available to first time buyers, home-movers, remortgagers or existing customers looking to rate switch
- A range of interest options including fixed rates, that give customers certainty of repayments over a fixed period and tracker rates, that follow movements in the Bank of England Base Rate (BEER)
- Customers benefit from paying the capital and interest on a monthly basis, which means the loan will be fully paid off at the end of the mortgage term
- Flexible options that allow customers to overpay their mortgage balance, apply for additional borrowing via Further Advance, change the term of the mortgage, and port their rate to a new property. Subject to individual mortgage product policy
- A minimum loan size of £5,000

Full eligibility criteria can be accessed on our intermediary website via [this 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.

Barclays Residential Mortgages (Capital and Interest) are designed to meet the needs of the target group who are purchasing or remortgaging a residential property for their main residence and wish to repay both interest and capital throughout the term of the mortgage.

Customer circumstances	Distribution strategy	Customer needs and objectives
First-time buyers	Available through Direct & Intermediary channels**	<ul style="list-style-type: none"> • Customers who want certainty that their mortgage will be repaid in full at the end of the term • Customers requiring borrowing to purchase their first property • Customers requiring borrowing to purchase a new property • Customers remortgaging from another lender • Existing customers looking for a new rate. Early Repayment Charges (ERCs) may be applicable • Customers who want either fixed or tracker mortgage products
Home-movers		
Remortgagers		
Rate switch (Product Transfer)*		

*Rate Switch is available on a non-advised basis however, Barclays does not accept non-advised Rate Switch applications through intermediaries

**Intermediary distribution through:

- Networks and their Appointed Representatives
- Mortgage clubs
- Directly authorised mortgage intermediaries

All intermediaries must be registered with Barclays.

The product is not designed for customers who:

- Do not have sufficient capital for a deposit
- Are purchasing a buy to let property
- Require an Interest Only or Part & Part mortgage (for Interest Only and Part and Part mortgage products, please refer to the Barclays Residential Mortgage – Interest Only Product Information Sheet)
- Do not meet our credit, lending or property criteria
- Do not meet the eligibility criteria or pass affordability assessment at the point of application

4. Customers with characteristics of vulnerability

Barclays recognises that all customers and clients could, at any time, face personal circumstances which may result in them being susceptible to detriment.

Our definition of a customer in a vulnerable circumstance is any existing or potential customers who, due to their personal circumstances e.g. financial difficulty, long term medical conditions, or other personal circumstances, are especially susceptible to detriment. The overall treatment of these customers is guided by relevant sections within the Barclays Customer Engagement Standard.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- All colleagues in Barclays UK are required to complete annually refreshed mandatory vulnerability training as part of an annual training programme
- Barclays UK has a common framework of vulnerability indicators to enable customers to disclose vulnerabilities and notify us of their support needs, enabling colleagues to support customers in circumstances of vulnerability and make appropriate adjustments
- Suitable customer service provision and communications
- Flexible policies, where appropriate, to support vulnerable customers
- If clients experience short or long term financial difficulty they can access support and advice through our dedicated and specialist teams.
- Performance monitoring to ensure we are meeting the needs of customers with characteristics of vulnerability

You 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 or need further support regarding an individual customer circumstance.

5. Our assessment of value

We have completed a comprehensive and robust assessment of **Barclays Residential Mortgage (BRM)** to assess whether it provides fair value to customers.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
See Section 2 for product characteristics and benefits	<p>The interest rate, fees and charges that customers pay for the product and non-financial costs associated with operating the product</p> <p>The various rate/ fee/ loan-to-value (LTV)/cashback options for BRM customers which will determine the interest rate of the product</p> <p>The initial terms of the mortgage, with a variety of initial product terms that may be available, depending on the LTV of the mortgage, usually from 2 year to 10 year, these products will have differing interest rates</p>	<p>The fixed costs of providing mortgages, including the cost of providing an in-house advised service to customers, and the administrative costs of underwriting and administering the product including broker procurement fees</p> <p>The cost of customers exiting the product earlier in the term than expected</p> <p>Any additional variable funding costs (swaps) arising from external factors</p>	The range of interest rates BRM provides, where the range is not totally exhaustive e.g. there may not be a product available for a customers specific LTV

Price, determined based on a minimum level of profitability as set out in the Barclays internal pricing standard

In assessing the fair value of this product Barclays has considered procurement fees paid by Barclays to mortgage intermediaries, and an average of the fees that customers are charged by mortgage intermediaries for advising and arranging the mortgage, based on information passed to Barclays by intermediaries in the last 12 months. Intermediaries that do charge such fees will need to separately assess whether these represent fair value, including whether they could affect the overall fair value of the product to the customer, and continue to comply with Barclays Terms and Conditions for Mortgage Intermediaries in relation to intermediary fees

Additional costs such as CHAPs fee and Final Repayment Charges are assessed regularly and passed onto customers at cost

The level of capital consumed, and impairment increases as the LTV increases

Our internal fair pricing principles

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