



# Barclays Residential Mortgage (BRM) – Green Home Mortgages

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 – Green Home Mortgages** 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 purchasing a newly built, energy efficient property (energy efficiency rating of 81 or higher or of energy efficiency band A or B). The product features and criteria are designed to support these needs.

- Customers purchasing an energy efficient property with a discounted mortgage rate compared to core products
- The property must be a new-build, purchased directly from a developer and have an energy efficiency rating of 81 or higher, or be energy efficiency band A or B
- A mortgage term up to 40 years
- Available to first time buyers and existing home-owners
- Available as capital and interest repayment, ensuring customers repay the capital and interest on a monthly basis. In doing so, the loan will be fully paid off at the end of the mortgage term
- Available as interest only (subject to meeting eligibility criteria) allowing customers to pay the interest of their mortgage balance on a monthly basis while the capital balance does not reduce and is due for payment at the end of the mortgage term (for Interest Only and Part and Part mortgage products, please refer to the Barclays Residential Mortgage – Interest Only Product Information Sheet)
- 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 via an equivalent product. 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.

Customer circumstances	Distribution strategy	Customer needs and objectives
<p>Homebuyers with a view to purchase a newly built property with an energy efficiency rating of 81 or higher, or with an energy efficiency band of A or B</p> <p>First-time buyers</p> <p>Home-movers</p>	<p>Available through Direct &amp; Intermediary channels*</p> <p>Only available through advised sale</p>	<ul style="list-style-type: none"> <li>• Customers seeking a mortgage for an energy efficient property within the LTV options available</li> <li>• Customers who value the certainty of knowing their monthly payments and the security of knowing the loan will be fully paid off at the end of the product term</li> <li>• Customers who require borrowing to purchase their first property</li> <li>• Customers who require borrowing to purchase a new property</li> </ul>

\*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 meet the eligibility criteria or pass our affordability assessment at the point of application
- Do not meet our credit, lending or property criteria
- Are purchasing a buy to let property
- Are purchasing a non-new build property
- Want a tracker product which follows the movements of the Bank of England Base Rate (BEBR)

### 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 – Green Home Mortgages** 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 different product options for Green Home Mortgage customers</p> <p>The variety of initial product terms, depending on the mortgage loan-to-value (LTV) which may be available, usually from 2 year to 10 year, these products will have differing interest rates</p> <p>The customer benefits from a discount on the rate of the comparable non-green product for purchasing a green property</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> <p>The level of capital consumed and impairment increases as the LTV increases</p>	<p>Green Home Mortgages provide a range of interest rate options for homebuyers but the range is not totally exhaustive e.g. there may not be a product available for a customers specific LTV</p> <p>Green qualifying customers may be better off taking a non-green product as we do not offer green options for all LTVs</p>

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

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.