



Further Advance

Barclays Residential Mortgage | OpenPlan Flexible Mortgage | Woolwich Traditional Mortgage

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 **Further Advance** 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 and allows customers to borrow additional funds against their property for defined purposes within policy. This product is available on Barclays Residential Mortgage (BRM), OpenPlan Flexible Mortgage (OPFM) and Woolwich Traditional Mortgage. The product features and criteria are designed to support these needs.

- Customers can borrow up to a limit of 85% of the property value, or 80% if consolidating any debt. This limit includes the current mortgage balance, including any reserve facility (OPFM only), plus any additional borrowing
- The term of the Further Advance can exceed the remaining term of the main mortgage account, however it must not exceed a maximum term of 40 years (25 years for Interest Only) from the origination of the mortgage
- Further Advance is available on Capital & Interest, Interest Only and Part & Part basis
- A range of interest rate options are available 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)
- Flexible options are available that allow customers to overpay their mortgage balance, change the term of the mortgage, and port the rate with the main mortgage to a new property. Subject to individual mortgage product and lending policies
- Customers can have more than one Further Advance
- 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>Existing Barclays mortgage customers who want to access the value in their property up to 85%, or 80% if consolidating any debt.</p> <p>Rate switch (Product Transfer)*</p>	<p>Available through direct and Intermediary channels**</p> <p>Available through advised sale and self-serve process (non-advised and execution only basis)*</p>	<ul style="list-style-type: none"> Customers who require access to additional funds for a variety of reasons including home improvements or consolidating debts Customers who require borrowing over an extended period in order to reduce monthly payments even though this may result in paying more interest over the lifetime of the mortgage Existing customers looking for a new rate. Early Repayment Charges (ERCs) may be applicable

*Barclays does not accept non-advised applications through intermediaries

**Intermediary distribution through:

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

All intermediaries must be registered with us.

The product is not designed for customers who:

- Have an Offset Mortgage
- 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
- Want to fund any demolish and re-build scenarios

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 **Further Advance** 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 range of rate/ fee/ loan-to-value (LTV) options for customers which will determine the interest rate of the product</p> <p>The 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>Price, determined based on a minimum level of profitability as set out in the Barclays internal pricing standard</p> <p>In assessing the fair value of this product Barclays has considered procurement fees paid by Barclays to mortgage intermediaries, and an</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>Additional costs such as Final Repayment Charges are assessed regularly and passed onto customers at cost</p> <p>The level of capital consumed and impairment increases as the LTV increases</p> <p>Our internal fair pricing principles</p>	<p>Further Advance provides a range of interest rate options, but the range is not totally exhaustive e.g. there may not be a product available for a customer's specific LTV</p> <p>Customers can borrow up to 85% of the property value, or the reduced LTV of 80% if consolidating any debt</p>

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

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