



OpenPlan Offset 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 **OpenPlan Offset 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 and benefits

The products are designed to meet the needs of the target group. The product features and criteria are designed to support these needs.

- OpenPlan Offset products allow customers to link current accounts and savings accounts held with Barclays to the mortgage. In doing so, the total balance of these accounts is then offset against the mortgage balance on a daily basis for the purposes of calculating the interest owed on the mortgage
- Credit interest is no longer earned on these linked accounts. Instead, the interest payable against the mortgage balance is reduced
- Customer can link up to 4 Current Accounts, including the Mortgage Current Account, and 8 savings accounts to their OpenPlan Offset mortgage
- Linked Current Accounts and Savings Accounts must be held with Barclays
- A Mortgage Current Account is opened at the point of offer and linked to the mortgage account on completion, and can be used as an everyday current account
- OpenPlan Offset Mortgages are available as tracker products only which follow movements in the Bank of England Base Rate (BEER)
- A maximum of 2 borrowers are allowed for OpenPlan Offset Mortgages
- Only one OpenPlan Offset Mortgage can be held by a customer
- Further borrowing is available, please contact our intermediary support team via phone or chat for guidance on how to apply
- Maximum term of mortgage is 40 years
- Available on residential purchases, including new builds

- Available to first-time buyers, home-movers and remortgagers and rate switch (product transfer)
- OpenPlan Offset Mortgage is available on Capital & Interest, Interest Only and Part & Part basis
- Flexible options that allow customers to overpay their mortgage balance, 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.

| Customer circumstances | Distribution strategy | Customer needs and objectives |
|--|--|--|
| Customers who have funds in deposit accounts, and want to retain access to these funds | Available through Direct & Intermediary channels** | <ul style="list-style-type: none"> • Customers who want to offset credit balances to reduce the amount of interest charged over the term of their mortgage • Customers can use their existing funds to reduce the overall term of the loan, or to reduce their monthly mortgage payment • Customers who want a variable rate that tracks movements in the Bank of England Base Rate (BEBR) • Require borrowing to purchase their first property • Require borrowing to purchase a new property • Wish to remortgage from another lender • Existing customers looking for a new rate. Early Repayment Charges (ERCs) may be applicable |
| Customer who want to purchase a residential property | Available through advised sale only* | |
| First-time buyers | | |
| 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 us.

The product is not designed for customers who:

- Do not meet eligibility criteria or pass affordability assessment at the point of application
- Do not meet our credit, lending, or property criteria
- Exist in a partnership where there are more than two borrowers
- Do not wish to hold their savings and mortgage with Barclays
- Do not have the cash reserves to offset the mortgage balance
- Want certainty on monthly repayments

- May require additional borrowing by means of Further Advance
- Are purchasing a buy to let property
- Are remortgaging a Help to Buy property

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 **OpenPlan Offset Mortgage** 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>Price, determined based on a minimum level of profitability as set out in the Barclays internal pricing standard</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 | OpenPlan Offset provides a more limited range of interest rate options and the range is not totally exhaustive e.g. there may not be a product available for a customers specific LTV |

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

The cost of customers exiting the product earlier in the term than expected

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 loan-to-value (LTV) increases

Our internal fair pricing principles

We currently only offer tracker offset products and not fixed

Any funds held in offset accounts which exceed the remaining mortgage balance will not earn interest

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