



Product name: Residential Capital and Interest and Residential Interest Only

Information sheet produced: (18/01/2024)

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

This summary document is being 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. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is intended for intermediary use only and should not be provided to customers.

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Residential Capital and Interest

1. Summary of our assessment

We have assessed that:

- Our Residential Capital and Interest product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The 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 & benefits

The products are designed to meet the needs of the target group, providing customers with the finance to support the purchase of their home in the form of a mortgage loan. The product features and criteria are designed to support these needs.

Characteristics:

- Customers who seek or need the certainty that the capital amount originally borrowed will be repaid at the end of the mortgage term.
- At the end of the agreed term, customers will have repaid their loan and fulfilled their objective of owning their home.
- Customers have the option to utilise product features to repay the capital amount borrowed throughout their term of their loan, reducing interest charged.
- Capital and Interest loans allow customers to repay the lender the interest charged, and a proportion of the capital amount borrowed in a single monthly payment, giving customers the certainty that throughout the mortgage term the capital amount borrowed will be gradually repaid, and at the end of term it will be fully repaid.

Benefits:

- Customers have the option to make overpayments, in line with their terms & conditions, to repay the capital throughout the term of their loan, reducing interest charged.
- The proposition includes a range of fixed & variable rate tracker products, of which all are portable to a new property – subject to new lending policy at the time of application.
- Virgin Money offer Shared Ownership loans, and a range of long-term fixed rates up to 15 years
- Whilst new lending applications are subject to an affordability assessment, there is no minimum income requirement.
- Mortgage Terms are available up to 40 years and customers can enjoy a range of product features such as payment holidays, subject to criteria.

The full range of products, eligibility criteria & lending policy can be accessed on our [intermediary website](#).

3. Target market assessment and distribution strategy

These products are suitable for a wide customer base and are the most common form of mortgage lending.

All of our products are available via our online application portal, underpinned by our dedicated BDM's and service support teams. Our Intermediary distribution is available through networks (and their appointed representatives and directly authorised mortgage intermediaries via mortgage clubs.

Capital and Interest loans are also available for regulated BTL transactions. This applies to landlords who let the property to a family member. They will receive a Residential product, with a regulated contract, and will be subject to residential contract terms. Customers will receive the same in- life communications as a regulated residential customer.

This matrix segments the target market for the Product, recognising different customer needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Customer Needs and Objectives	Distribution Strategy	
		Intermediary partners	Direct
First time buyers looking to purchase their first residential property in the UK	<ul style="list-style-type: none"> • Become a home-owner for the first time • Access to high LTV and LTI lending • To have the certainty of a fixed monthly repayment • Or the flexibility of a variable rate product • Access to a range of mortgage products with flexible features to adapt with my changing needs 	✓	✓
Existing property owners looking to purchase a new property in the UK to reside in.	<ul style="list-style-type: none"> • Access to additional borrowing • Ability to change the parties on the loan agreement • Access to a range of mortgage products 	✓	✓
Existing property owners looking to re-mortgage on an existing property in the UK to reside in.	<ul style="list-style-type: none"> • Access to a range of mortgage products with flexible features to adapt with my changing needs • Access additional borrowing, utilising property security • Ability to amend the term of the loan agreement • Ability to change the parties on the loan agreement 	✓	✓

Existing VM mortgage holder, looking to move home and purchase a new property in the UK to reside in.	<ul style="list-style-type: none"> • Maintain existing product, and transfer it to a new property • Or access a range of mortgage products (for existing or new borrowing) for my new home • To fix monthly repayments for a defined period • Or obtain the flexibility of a variable rate product • Access additional borrowing, utilising property security • Ability to change parties, amend the term, or change the repayment type on some or all of the loan (subject to approval) 	✓	✓
Existing customers looking to take a new product deal	<ul style="list-style-type: none"> • Access to new product deals regardless of LTV • Access to additional borrowing • Access to products with a range of flexible features • Ability to amend the term, or change the repayment type on some or all of the loan (subject to approval) 	✓	✓

The Product is not designed for customers who:

- Need or want flexibility on how the capital amount originally borrowed will be repaid
- Reside outside the UK
- Are under the age of 18, or over the age of 75 and 364 days, at the end of the term
- Want to borrow more than x5.5 multiple of their usable income

4. Customers with characteristics of vulnerability

Customers could have or develop a range of vulnerabilities or additional needs throughout the life of their mortgage. We consider the needs, characteristics, and objectives of customers within our target market & ensure that the Product and Service proposition is accessible, fair, clear and meets their needs. Ongoing product reviews for consumer duty will ensure that this is continually re-evaluated.

We have in place a framework to monitor and ensure that we achieve good outcomes for vulnerable customers, which includes, but is not limited to the following:

- Virgin Money has a Vulnerable Customer Team for all customers (not solely Mortgage customers) where appropriate support is offered. They provide a bespoke triage of support. Some examples of bank wide support (including mortgage customers) to accommodate additional needs are as follows:
 - All communications can be issued in Braille or large print if requested.
 - Translators can be arranged (charge free) for customers.
 - All online content is compatible with screen readers.
- There are a range of support measures in place for vulnerable mortgage customers such as:
 - A framework of tailored support (e.g., payment holidays, payment plans etc.) is available to customers experiencing financial difficulties (via a team of experts) including bespoke measures specific to their loan and individual circumstances
 - Offers can be issued by post to customers who apply online but require a physical document.
 - Face to face support can be provided to help complete forms, applications, explain products etc.
- Our colleagues and partners are well equipped in identifying and supporting customers with additional needs:

- All mortgage colleagues receive targeted vulnerable customer training annually, and 'customer facing' colleagues receive one: one support from Vulnerable Customer 'experts'.
- All of our intermediary partners have committed to identifying and supporting Vulnerable customers (in line with FCA requirements) within their contractual arrangements with Virgin Money

Intermediaries should continue to comply with your obligations and our contractual agreement 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 their mortgage product.

5. Our assessment of value

We have a long-standing evaluation process which considers multiple factors in determining pricing and considering fair value to customers. In our preparation for Consumer Duty, we have completed individual Product Assessments, which have included consideration of fair value. The outcomes of these ongoing assessment processes are challenged and approved internally.

These fair value assessments consider the following:

Benefits	Price	Costs	Limitations
The wide range of product features available, the level of customer service that is provided and the different customer routes which are available (Broker, direct, execution only, online etc).	The interest rate, fees and charges, competitiveness within the market, risk characteristics, acquisition costs (direct or indirect) and ongoing servicing costs associated with operating the Product.	The cost of origination, servicing and in life management costs.	Any limitations on the scope and service we provide or the features of the Product.

Our assessment concludes that our Residential Capital and Interest proposition provides fair value to our customers, given our detailed considerations and data regarding customer understanding, support, price, charges and value.

Our products provide fair value as they are:

- Designed to meet the needs of the target market
- Transparently sold
- Customers are:
 - able to exercise choice
 - robustly serviced and supported.
 - well informed about the benefits of the product,
 - effectively engaged throughout their life cycle
 - have the ability to choose something else (either with Virgin Money or another lender) should they prefer.

No unfair or unreasonable product limitations restrict the benefits that customers can realise from their product and therefore inhibit them extracting a fair value exchange.

If any material changes are identified through our ongoing monitoring and assessment we will update this document accordingly and reissue to you highlighting the changes.

Residential Interest Only

1. Summary of our assessment

We have assessed that:

- Our Residential Interest Only product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The 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 & benefits

Characteristics:

- The products are designed to meet the needs of the target group, allowing customers to repay the interest accumulated monthly, whilst maintaining the same level of borrowing for the duration of the loan agreement.
- Customers can utilise product features to repay the capital amount borrowed throughout their term of their loan, reducing interest charged.
- Interest Only provides customers with flexibility on how they repay the capital amount borrowed.
- At the end of the agreed term, customers must repay the amount borrowed. The product features and criteria are designed to support these needs.
- Customers must demonstrate that they have a suitable repayment vehicle in place to be able to repay the loan at the end of the agreed term. We will engage with customers throughout the life of their loan to ensure their repayment vehicle remains robust and we can support customers where deficits or vulnerabilities are identified.

Benefits:

- A key benefit for the customer is the ability to use other assets to repay the capital at the end of the term, and utilise their resources (derived from lower monthly repayments) to invest in other endeavours.
- Interest Only provides customers with flexibility on how they repay the capital amount borrowed.
- Customers have the option to make overpayments, in line with their terms & conditions, to repay the capital throughout the term of their loan, reducing interest charged.
- The proposition includes a range of fixed & variable rate tracker products, of which all are portable to a new property – subject to new lending policy at the time of application.
- Virgin Money offer a range of long-term fixed rates up to 15 years.
- Mortgage Terms are available up to 40 years and customers can enjoy a range of product features such as payment holidays, subject to criteria.

The full range of products, eligibility criteria & lending policy can be accessed on our [intermediary website](#).

3. Target market assessment and distribution strategy

All of our products are available via our online application portal, underpinned by our dedicated BDM's and service support teams. Our Intermediary distribution is available through networks (and their appointed representatives), mortgage clubs and directly authorised mortgage intermediaries. The Product is designed for customers who need or want flexibility on how the capital amount originally borrowed will be repaid, and have a suitable repayment vehicle to do so.

Interest Only loans are also available for regulated BTL transactions. This applies to landlords who let the property to a family member. They will receive a Residential product, with a regulated contract, and will be subject to residential contract terms. Customers will receive the same in- life communications as a regulated residential customer. This matrix segments the target market for the Product, recognising different customer needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Customer Needs and Objectives	Distribution Strategy	
		Intermediary partners	Direct
Existing property owners looking to purchase a new property in the UK to reside in.	<ul style="list-style-type: none"> • Access to additional borrowing • Ability to change the parties on the loan agreement • Access to a range of mortgage products • I must have access to a suitable repayment vehicle to be able to repay the capital at the end of the agreed term 	✓	✓
Existing property owners looking to re-mortgage on an existing property in the UK to reside in.	<ul style="list-style-type: none"> • Access to a range of mortgage products with flexible features to adapt with my changing needs • Access additional borrowing, utilising property security • Ability to amend the term of the loan agreement • Ability to change the parties on the loan agreement • I must have access to a suitable repayment vehicle to be able to repay the capital at the end of the agreed term 	✓	✓
Existing VM mortgage holder, looking to move home and purchase a new property in the UK to reside in.	<ul style="list-style-type: none"> • Maintain existing product, and transfer it to a new property • Or access a range of mortgage products (for existing or new borrowing) for my new home • To fix monthly repayments for a defined period • Or obtain the flexibility of a variable rate product • Access additional borrowing, utilising property security • Ability to change parties on the loan agreement • Ability to amend the term of the loan agreement • I must have access to a suitable repayment vehicle to be able to repay the capital at the end of the agreed term; 	✓	✓
Existing customers looking to take a new product deal	<ul style="list-style-type: none"> • Access to new product deals regardless of LTV • Access to additional borrowing • Access to products with a range of flexible features • Ability to amend the term of the loan agreement • Ability to amend the repayment type of some or all of the borrowing • I must have access to a suitable repayment vehicle to be able to repay the capital at the end of the agreed term 	✓	✓

The Product is not designed for customers who:

- Customers who reside outside the UK
- Are under the age of 18, or over the age of 75 and 364 days, at the end of the term
- Are First Time Buyers
- Do not have a suitable repayment vehicle to repay the loan at the end of the agreed term

- Have an LTV above 85%
 - 85% if Part and Part repayment (Maximum interest only Interest only element allowed is 75%)
 - 75% if all borrowing on Interest Only
 - 65% if the customer repayment strategy involves the sale of a property
- Have a combined income of less than £75,000 p.a.
- Want to borrow more than x5.5 multiple of their usable income
- Are intending to use any of the loan for debt consolidation

4. Customers with characteristics of vulnerability

Customers with an interest only mortgage could have or develop a range of vulnerabilities or additional needs throughout the life of their mortgage. These may require tailored support particularly in repaying the capital at the end of the term of the mortgage. Virgin Money will continually engage with the customer to ensure their repayment vehicle remains robust and we can support customers where deficits or vulnerabilities are identified.

We consider the needs, characteristics, and objectives of customers within our target market & ensure that the Product and Service proposition is accessible, fair, clear and meets their needs. Ongoing product reviews for consumer duty will ensure that this is continually re-evaluated.

We have in place a framework to monitor and ensure that we achieve good outcomes for vulnerable customers, which includes, but is not limited to the following:

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Our assessment concludes that our residential Interest Only products do provide fair value to our customers, given our detailed considerations and data regarding customer understanding, support, price, charges and value.

Our products provide fair value as they are:

- Designed to meet the needs of the target market
- Transparently sold
- Customers are:
 - o able to exercise choice
 - o robustly serviced and supported.
 - o well informed about the benefits of the product,
 - o effectively engaged throughout their life cycle
 - o have the ability to choose something else (either with Virgin Money or another lender) should they prefer.

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